



# Journal of the Senate

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## CALL TO ORDER

The Senate was called to order by President McKay at 9:00 a.m. A quorum present—40:

Mr. President	Geller	Pruitt
Brown-Waite	Holzendorf	Rossin
Burt	Jones	Sanderson
Campbell	King	Saunders
Carlton	Klein	Sebesta
Clary	Latvala	Silver
Constantine	Laurent	Smith
Cowin	Lawson	Sullivan
Crist	Lee	Villalobos
Dawson	Meek	Wasserman Schultz
Diaz de la Portilla	Miller	Webster
Dyer	Mitchell	Wise
Futch	Peaden	
Garcia	Posey	

## PRAYER

The following prayer was offered by the Rev. Donald L. Roberts, President, Goodwill Industries of Manasota:

Holy and Eternal God, we your children, confess it's easy to be statesmen when we are term-limited and have lots of tax cash to spend. But, O Lord, for those of us who, in this session, face shrinking tax receipts and increased budget demands; tax reform in an environment where it can be politically deadly; and redistricting which can give political advantage to a future opponent, we pray.

O God, it is at that point our statesmanship is both tested and demonstrated. Grant us the divine courage to prioritize our spending, reform our tax structure and redistrict without gerrymander. So, on that day when we stand before the Judge of all creation, we will hear the voice of God saying, "Well done, thou good and faithful statesman."

Finally, Father of us all, we would pray for our children. For our Governor's family, we pray to the Lord. For our parents' children, as we legislate at the point where principle meets the possible and becomes the political, we pray to the Lord. For our own babies, whose futures rest upon the sound foundation of the decisions we reach in this session, we pray to the Lord.

Come, Holy God, into our midst to budget us, redistrict us, reform us in your image and, probably most important, maintain our sense of humor. And all the people of Florida say, "Amen."

## PLEDGE

Senate Pages Caitlin Allen of Tampa, Christina Glass of Palmetto and Steffen Geraldson, Jim Sebastiano and Meredith McKay of Bradenton, led the Senate in the pledge of allegiance to the flag of the United States of America.

## DOCTOR OF THE DAY

The President recognized Dr. Robert G. Blackburn of Springhill, sponsored by Senator Brown-Waite, as doctor of the day. Dr. Blackburn specializes in Family Practice.

## MOTIONS RELATING TO COMMITTEE REFERENCE

On motion by Senator Lee, by two-thirds vote **SB 1272** was withdrawn from the Committees on Judiciary; Children and Families; Appropriations Subcommittee on General Government; and Appropriations; and referred to the Committees on Children and Families; Appropriations Subcommittee on General Government; and Appropriations; **SB 1444** was withdrawn from the Committees on Health, Aging and Long-Term Care; Judiciary; Appropriations Subcommittee on Health and Human Services; Appropriations; and Rules and Calendar; and referred to the Committees on Children and Families; Judiciary; Appropriations Subcommittee on Health and Human Services; Appropriations; and Rules and Calendar; and **SB 86** was withdrawn from the Committees on Appropriations Subcommittee on General Government; Appropriations; and Rules and Calendar; and referred to the Committees on Governmental Oversight and Productivity; and Rules and Calendar.

## ADOPTION OF RESOLUTIONS

On motion by Senator King—

By Senator King—

**SR 336**—A resolution recognizing January 31, 2002, as "St. Johns County Day" in Tallahassee.

WHEREAS, on September 8, 1565, Don Pedro Menendez de Aviles founded St. Augustine, the oldest continuously occupied European settlement in the United States, and

WHEREAS, St. Johns County is the site for Fort Mose, established by Spaniards and former African slaves in 1738, the first free black fort and settlement in North America, and

WHEREAS, on July 21, 1821, St. Johns County, named for the St. Johns River, became one of Florida's first two counties by ordinance proclaimed by Major General Andrew Jackson, and

WHEREAS, St. Johns County encompasses 609 square miles, from the many miles of beautiful beaches to the scenic Bartram Trail Highway that runs along the St. Johns River, and

WHEREAS, St. Johns County is a popular tourist destination, hosting more than 2 million visitors each year to the historic City of St. Augustine, St. Augustine Beach, and its other communities, and

WHEREAS, St. Johns County is one of the nation's most recognized golf destinations and is home to the World Golf Hall of Fame, the PGA Tour's annual Players Championship, and the Senior PGA Tour's Liberty Mutual Legends of Golf, played at the World Golf Village, and

WHEREAS, St. Johns County is also home to the Association of Tennis Players Tour, headquartered in Ponte Vedra Beach, and

WHEREAS, agriculture is a critical component of the economy of St. Johns County, with its 149 farms on 49,631 agricultural acres comprising more than 12.7 percent of all the lands in the county and producing more than \$46 million in revenue annually, and

WHEREAS, the Legislature recognizes St. Johns County for its rich history and cultural diversity, NOW, THEREFORE,

*Be It Resolved by the Senate of the State of Florida:*

That January 31, 2002, be recognized as "St. Johns County Day" in Tallahassee.

—was introduced out of order and read by title. On motion by Senator King, **SR 336** was read the second time in full and adopted.

On motion by Senator Saunders—

By Senator Saunders—

**SR 1148**—A resolution commemorating the 100th anniversary of Goodwill Industries on January 30, 2002.

WHEREAS, Goodwill Industries was founded in Boston in 1902 and has grown to become the largest nonprofit provider of employment and training services in this country, and

WHEREAS, Goodwill Industries provides employment, job-training, and career services for people who are disabled or who face other disadvantages, such as welfare dependency, illiteracy, a criminal history, or homelessness, and

WHEREAS, in order to fund its work, Goodwill Industries collects donated clothing and household goods and sells these items in more than 1,700 retail stores throughout North America and the world, and

WHEREAS, on January 30, 2002, Goodwill Industries celebrates its 100th anniversary and during this 100 years has helped more than 5 million people through its programs and services, and

WHEREAS, during the 2001 calendar year, 94,589 Floridians participated in the employment and training services of Goodwill Industries and 20,937 Floridians obtained community employment, and

WHEREAS, the Florida Goodwill Association, the nine Goodwill member organizations located throughout this state, collectively generated \$234,979,815 in earnings for people placed in community employment, resulting in a significant contribution to the state's economic base and tax revenues, NOW, THEREFORE,

*Be It Resolved by the Senate of the State of Florida:*

That the Florida Senate congratulates the Florida Goodwill Association on the occasion of its 100th anniversary and commends the organization for its valuable programs, which have expanded the opportunities and occupational capabilities of millions of Americans.

BE IT FURTHER RESOLVED that copies of this resolution, with the Seal of the Senate affixed, be presented to the Reverend Mr. Donald L. Roberts, President of the Florida Goodwill Association, as a tangible token of the sentiments of the Florida Senate.

—was introduced out of order and read by title. On motion by Senator Saunders, **SR 1148** was read the second time in full and adopted.

At the request of Senator Saunders—

By Senator Saunders—

**SR 1660**—A resolution recognizing January 20-26, 2002, as Florida Jaycee Recognition Week in the State of Florida.

WHEREAS, the Florida Junior Chamber of Commerce has played a vital role in the development of young leaders in our state for more than seventy-eight years, and

WHEREAS, the Florida Junior Chamber of Commerce serves the underprivileged citizens of our state through numerous projects, and

WHEREAS, the Florida Junior Chamber of Commerce supports and enhances the professional development and business advancement of the citizens of Florida, and

WHEREAS, the Florida Junior Chamber of Commerce promotes and fosters the individual growth and development of the young people of our communities, and

WHEREAS, the Florida Junior Chamber of Commerce teaches and impresses upon its members a spirit of genuine Americanism and civic service, and

WHEREAS, the Florida Junior Chamber of Commerce provides important opportunities for personal development and achievement and significant avenues for participation in the progress of the community, the state, and the nation, and

WHEREAS, the Florida Junior Chamber of Commerce joins with Jaycees everywhere in fostering friendship and understanding among the young people of all nations, NOW, THEREFORE,

*Be It Resolved by the Senate of the State of Florida:*

That January 20-26, 2002, is recognized as "Florida Jaycee Recognition Week in the State of Florida" in recognition of the outstanding accomplishments of the Florida Junior Chamber of Commerce in fostering individual and community development and a better world.

—**SR 1660** was introduced, read and adopted by publication.

At the request of Senator Silver—

By Senator Silver—

**SR 2034**—A resolution commending the osteopathic physicians of this state and recognizing January 31, 2002, as Osteopathic Medicine Day.

WHEREAS, osteopathic physicians provide health care services that account for more than 100 million patient visits in this country each year, and

WHEREAS, this state has ten accredited osteopathic hospitals, an osteopathic medical college, and the fourth largest osteopathic physician population in the United States, and

WHEREAS, osteopathic manipulation of the musculoskeletal system is a viable and proven technique for many diagnoses and treatments and provides an alternative to many drug therapies, and

WHEREAS, osteopathic physicians provide comprehensive medical care, including preventive medicine, diagnoses, and the appropriate use of drugs, surgery, manipulation, and hospital referrals, NOW, THEREFORE,

*Be It Resolved by the Senate of the State of Florida:*

That the Florida Senate commends the osteopathic physicians of this state for their contributions to the health and welfare of the residents of this state and recognizes January 31, 2002, as Osteopathic Medicine Day.

—**SR 2034** was introduced, read and adopted by publication.

## SPECIAL ORDER CALENDAR

**CS for SJR 938**—A joint resolution proposing the creation of Section 19 of Article VII of the State Constitution; reducing the general state sales and use tax rate; requiring an extraordinary legislative vote to increase the rate, except with respect to certain transactions; providing that all sales of goods or services are subject to the tax, except for specified goods and services and except for exemptions enacted by a specified date; requiring an extraordinary vote for new exemptions in separate legislation; providing for revenue neutrality; providing that excess sales tax revenues realized by local governments be used to provide local tax relief; requiring the repeal of specified health care assessments.

—was read the second time by title.

On motion by Senator Pruitt, by two-thirds vote **CS for SJR 938** was read the third time by title and further consideration was deferred.

**CS for CS for SB 1106**—A bill to be entitled An act relating to taxation; amending s. 212.02, F.S.; defining terms applicable to the taxation of sales, use, and other transactions; amending s. 212.03, F.S.; prescribing the rates of taxation for transient rentals; amending s. 212.031, F.S.; revising rates and exemptions applicable to the taxation of the lease or rental of or license in real property; amending s. 212.04, F.S.; revising provisions governing the admissions tax; amending s. 212.05, F.S.; revising rates and exemptions applicable to the tax on sales, storage, and use; creating s. 212.0502, F.S.; providing for the taxation of construction services; amending s. 212.0506, F.S.; revising provisions governing the taxation of service warranties; reenacting s. 212.051, F.S., which makes certain sales or use involving equipment, machinery, and other equipment for pollution control not subject to the sales or use tax; reenacting s. 212.052, F.S., which provides tax exemptions for research or development costs; reenacting s. 212.0598, F.S., relating to special provisions for air carriers; amending s. 212.06, F.S.; revising rates and exemptions applicable to the tax on sales, storage, or use; reenacting s. 212.0601, F.S., relating to use taxes of motor vehicle dealers; reenacting s. 212.0602, F.S., which provides a limited exemption to facilitate investment in education and job training; amending s. 212.07, F.S.; revising provisions governing the collection and administration of the tax on sales, use, and other transactions; amending s. 212.08, F.S.; revising or eliminating specified exemptions for the tax on sales, use, and other transactions; creating s. 212.0801, F.S.; prescribing exemptions with respect to the sales or use of services; reenacting s. 212.0821, F.S., relating to the use of governmental entities' sales tax exemption certificates for purchases on behalf of specified groups; reenacting s. 212.09, F.S., relating to deduction from the sales price of credit for articles taken in trade; reenacting s. 376.75(1), F.S., which prescribes the rate of taxation for specified transactions involving certain solvents used by drycleaning facilities; repealing ss. 395.701 and 395.7015, F.S., which impose annual assessments on specified health care entities; providing legislative intent; providing a contingent effective date.

—was read the second time by title.

Senator Pruitt moved the following amendment which was adopted:

**Amendment 1 (163140)(with title amendment)**—On page 87, lines 9-30, delete those lines and insert:

Section 13. Effective July 1, 2004, section 212.0602, Florida Statutes, is amended to read:

212.0602 Education; limited exemption.—To facilitate investment in education and job training, there is also exempt from the taxes levied under this chapter, subject to the provisions of this section, the purchase or lease of materials, equipment, and other items or the license in or lease of real property by any entity, institution, or organization that is primarily engaged in teaching students to perform any of the activities or services relating to the production of film, video, photography, sound and audio recordings, and other entertainment media, including, but not limited to, special effects, optical effects, animation, adaptations (language, media, electronic, or otherwise), technological modifications, computer graphics, and audio engineering described in s. 212.031(1)(a)9, that conducts classes at a fixed location located in this state, that is licensed under chapter 246, and that has at least 500 enrolled students. Any entity, institution, or organization meeting the requirements of this section shall be deemed to qualify for the exemptions in ss. 212.031(1)(a)9 and 212.08(5)(f) and (12), and to qualify for an exemption for its purchase or lease of materials, equipment, and other items used for education or demonstration of the school's curriculum, including supporting operations. Nothing in this section shall preclude an entity described in this section from qualifying for any other exemption provided for in this chapter.

And the title is amended as follows:

On page 1, line 29 through page 2, line 1, delete those lines and insert: vehicle dealers; amending s. 212.0602, F.S., relating to a limited exemption to facilitate investment in education and job training; specifying those activities or services that qualify for the exemption; amending s. 212.07, F.S.; revising

Senators Holzendorf and Meek offered the following amendment which was moved by Senator Holzendorf and adopted:

**Amendment 2 (343412)**—On page 182, between lines 12 and 13, insert:

(gg) *Beauty and barber shop services (SIC Industry Group Numbers 723 and 724).*

Senators Clary and Geller offered the following amendment which was moved by Senator Clary and adopted:

**Amendment 3 (921916)(with title amendment)**—On page 183, between lines 27 and 28, insert:

Section 19. Effective July 1, 2004, section 212.11, Florida Statutes, is amended to read:

212.11 Tax returns and regulations.—

(1)(a) Each dealer shall calculate his or her estimated tax liability for any month by one of the following methods:

1. Sixty percent of the current month's liability pursuant to this chapter as shown on the tax return;
2. Sixty percent of the tax reported on the tax return pursuant to this chapter by a dealer for the taxable transactions occurring during the corresponding month of the preceding calendar year; or
3. Sixty percent of the average tax liability pursuant to this chapter for those months during the preceding calendar year in which the dealer reported taxable transactions.

(b) For the purpose of ascertaining the amount of tax payable under this chapter, it shall be the duty of all dealers to file a return and remit the tax, on or before the 20th day of the month, to the department, upon forms prepared and furnished by it or in a format prescribed by it. Such return must show the rentals, admissions, gross sales, or purchases, as the case may be, arising from all leases, rentals, admissions, sales, or purchases taxable under this chapter during the preceding calendar month.

(c) However, the department may require:

1. A quarterly return and payment when the tax remitted by the dealer for the preceding four calendar quarters did not exceed \$1,000.
2. A semiannual return and payment when the tax remitted by the dealer for the preceding four calendar quarters did not exceed \$500.
3. An annual return and payment when the tax remitted by the dealer for the preceding four calendar quarters did not exceed \$100.
4. A quarterly return and monthly payment when the tax remitted by the dealer for the preceding four calendar quarters exceeded \$1,000 but did not exceed \$12,000.

The department is authorized to allow a dealer filing returns and paying tax under subparagraph 1., subparagraph 2., subparagraph 3., or subparagraph 4. to continue to use the same filing frequency, even though the dealer has paid tax in a filing period that is greater than the maximum amount allowed for such period. The dealer must submit a written request to the department to be continued on the same filing frequency, and such request must be based on an explanation that the tax amount submitted represents nonrecurring business activity.

(d) The department may authorize dealers who are newly required to file returns and pay tax quarterly to file returns and remit the tax for the 3-month periods ending in February, May, August, and November, and may authorize dealers who are newly required to file returns and pay tax semiannually to file returns and remit the tax for the 6-month periods ending in May and November.

(e) The department shall accept returns, except those required to be initiated through an electronic data interchange, as timely if postmarked on or before the 20th day of the month; if the 20th day falls on a Saturday, Sunday, or federal or state legal holiday, returns shall be accepted as timely if postmarked on the next succeeding workday. Any dealer who operates two or more places of business for which returns are

required to be filed with the department and maintains records for such places of business in a central office or place shall have the privilege on each reporting date of filing a consolidated return for all such places of business in lieu of separate returns for each such place of business; however, such consolidated returns must clearly indicate the amounts collected within each county of the state. Any dealer who files a consolidated return shall calculate his or her estimated tax liability for each county by the same method the dealer uses to calculate his or her estimated tax liability on the consolidated return as a whole. Each dealer shall file a return for each tax period even though no tax is due for such period.

(f)1. A taxpayer who is required to remit taxes by electronic funds transfer shall make a return in a manner that is initiated through an electronic data interchange. The acceptable method of transfer, the method, form, and content of the electronic data interchange, giving due regard to developing uniform standards for formats as adopted by the American National Standards Institute, the circumstances under which an electronic data interchange shall serve as a substitute for the filing of another form of return, and the means, if any, by which taxpayers will be provided with acknowledgments, shall be as prescribed by the department. The department must accept such returns as timely if initiated and accepted on or before the 20th day of the month. If the 20th day falls on a Saturday, Sunday, or federal or state legal holiday, returns must be accepted as timely if initiated and accepted on the next succeeding workday.

2. The department may waive the requirement to make a return through an electronic data interchange due to problems arising from the taxpayer's computer capabilities, data systems changes, and taxpayer operating procedures. To obtain a waiver, the taxpayer shall demonstrate in writing to the department that such circumstances exist.

(2)(a) *The sales and use tax on services imposed by this chapter shall be computed according to the brackets set forth in s. 212.12 on the sales price or cost price of the service at the time of the sale, and is due and payable as provided under this section, unless the dealer elects to remit the tax pursuant to paragraph (b).*

(b) *A dealer may elect to ascertain the amount of the tax payable under this chapter on the basis of cash receipts for all taxable transactions under this chapter. Such election shall be made and may be changed by the dealer pursuant to procedures established by rule of the department. The department shall provide by rule for the issuance and periodic renewal every 5 years of registrations for dealers registered as service providers. Only those persons primarily engaged in the business of selling services are eligible for such registration.*

(c) *However, if a transaction involves both the sale or use of services and the sale or use of tangible personal property, and the tangible personal property is not an inconsequential element of the transaction, the sales and use tax on services shall be computed and remitted as provided in paragraph (a), and paragraph (b) is not applicable.*

(3)(2) Gross proceeds from rentals or leases of tangible personal property shall be reported and the tax shall be paid with respect thereto in accordance with such rules and regulations as the department may prescribe.

(4)(3) Except as otherwise expressly provided for herein, it is hereby declared to be the intention of this chapter to impose a tax on the gross proceeds of all leases and rentals of tangible personal property in this state when the lease or rental is a part of the regularly established business, or the same is incidental or germane thereto.

(5)(4)(a) Each dealer who is subject to the tax imposed by this chapter and who paid such tax for the preceding state fiscal year in an amount greater than or equal to \$200,000 shall calculate the amount of estimated tax due pursuant to this section for any month as provided in paragraph (1)(a).

(b) The amount of any estimated tax shall be due, payable, and remitted by electronic funds transfer by the 20th day of the month for which it is estimated. The difference between the amount of estimated tax paid and the actual amount of tax due under this chapter for such month shall be due and payable by the first day of the following month and remitted by electronic funds transfer by the 20th day thereof.

(c) Any dealer who is eligible to file a consolidated return and who paid the tax imposed by this chapter for the immediately preceding state fiscal year in an amount greater than or equal to \$200,000 or would have paid the tax in such amount if he or she had filed a consolidated return shall be subject to the provisions of this subsection notwithstanding an election by the dealer in any month to file a separate return.

(d) A dealer engaged in the business of selling boats, motor vehicles, or aircraft who made at least one sale of a boat, motor vehicle, or aircraft with a sales price of \$200,000 or greater in the previous state fiscal year may qualify for payment of estimated sales tax pursuant to the provisions of this paragraph. To qualify, a dealer must apply annually to the department prior to October 1, and, if qualified, the department must grant the application for payment of estimated sales tax pursuant to this paragraph for the following calendar year. In lieu of the method for calculating estimated sales tax liability pursuant to subparagraph (1)(a)3., a qualified dealer must calculate that option as 60 percent of the average tax liability pursuant to this chapter for all sales excluding the sale of each boat, motor vehicle, or aircraft with a sales price of \$200,000 or greater during the state fiscal year ending the year in which the application is made. A qualified dealer must also remit the sales tax for each sale of a boat, motor vehicle, or aircraft with a sales price of \$200,000 or greater by either electronic funds transfer on the date of the sale or on a form prescribed by the department and postmarked on the date of the sale.

(e) The penalty provisions of this chapter, except s. 212.12(2)(e), apply to the provisions of this subsection.

(Redesignate subsequent sections.)

And the title is amended as follows:

On page 2, line 15, after the semicolon (;) insert: amending s. 212.11, F.S.; authorizing certain dealers to elect to pay sales tax on services on a cash basis; providing for registration of such dealers by the Department of Revenue;

Senators Mitchell, Latvala and Clary offered the following amendment which was moved by Senator Mitchell and adopted:

**Amendment 4 (754170)**—On page 182, between lines 12 and 13, insert:

(gg) *Charges for transportation of pulpwood.*

(hh) *Railroad transportation of freight (SIC Industry Group Number 401).*

On motion by Senator Pruitt, by two-thirds vote **CS for CS for SB 1106** as amended was read the third time by title and further consideration as amended was deferred.

## REMARKS

On motion by Senator Saunders, the following remarks were ordered spread upon the Journal:

**Senator Pruitt:** Thank you, Mr. President. Senators, as members of this distinguished body, we have a unique opportunity today. We have an opportunity to take a stand, to look beyond the next year or two, to demonstrate true leadership and vision, and to set in motion a process that will benefit our children, grandchildren, seniors and families.

In Florida, we have decided that the sales tax should be our primary source of general revenue. It has indeed served us well for very many years. The sales tax, however, must be reformed if it is to meet Florida's needs in the years to come. Our sales tax has two basic problems. It's no longer equitable and it's not sustainable. Simply put, it's not fair. Currently, we collect \$17 billion in sales tax and we exempt almost \$23 billion. While we collect sales tax on clothes, furniture and cars, we give \$244 million in tax breaks to sports club owners and promoters. This proposal surgically eliminates \$4.2 billion of those \$23 billion in exemptions, or about 25 percent.

Our current system places a disproportionate burden on our Florida households and it's eroding as a percentage of our overall economy. Increases in Internet sales are taking a further toll on our sales tax revenues. Lost revenues in the federal estate tax will cost us another \$1.2 billion over the next four years. As the state tax base erodes, local

taxes are being forced to pick up the slack. TaxWatch recently reported a per capita local property tax burden increase this year of \$42. It also reported that we had moved up to Number 17 nationally in per capita of local property tax burden. We are slowly, but surely, shifting the burden to local property owners.

Often warning signs are ignored. We recall the recent examples of Enron and Kmart. Our state cannot ignore the warning signs. We cannot afford to go out of business or restructure from bankruptcy. We need to tackle tax reform now while we have the time to follow a thoughtful, multi-year process, not when the storm has already arrived.

Senators, I'm not going to oversimplify the significance of this undertaking. It's a complex issue and many thoughtful questions have been raised by you. Our Governor, in particular, has discussed several important issues. I want to briefly address some of the most asked questions, including those of our Governor.

Is this equitable and fair? Well, we need to take a look at the facts. This chart will show that it will save money for the average household in Florida, some \$227 per year. These are savings across all income and all age groups. These aren't just our numbers. These are also numbers from the AARP, with 2.6 million members in the State of Florida; their numbers are very similar to ours. That's why the AARP supports this proposal.

How does this proposal affect the competitiveness of Florida's businesses, especially small business? Great question. Those businesses that are particularly subjected to the interstate and international competition were exempted. Agriculture was exempted; as was manufacturing, research and development, and space-related industries. A typical small business with \$500,000 in expenses will save \$375 per year, mostly as a result in the reduced tax rate on rent, utilities and their supplies.

Does this benefit tourists at the expense of Floridians? This has been one of the most exaggerated issues surrounding this proposal. The proposal maintains a six-percent tax rate on three of the most important tourist-related items, hotel accommodations, rental cars and admission tickets.

Will the two-year implementation period hurt Florida's business climate by creating uncertainty? We took this argument to heart and we have developed an implementing bill so that everyone can see the impact from this joint resolution. This package is an open book to all of Florida.

What about compliance costs? Well, full implementation will not be until July 1, 2004, which is more than enough time for the Department of Revenue to implement it. Former Executive Director Larry Fuchs, testified that the Department of Revenue was quite capable of handling this job.

Yes Senators, there have been a lot of questions raised, but I encourage you to do two things: carefully separate the facts from the distortions, and also look at the broader picture. Even if you have a few concerns that have not been addressed in this proposal, don't lose sight of the forest. As a package, this is balanced and it is fair. You know, fear of the unknown can be a challenging thing. Sometimes it forces us to stick with something that doesn't work anymore just because it's comfortable and it's safe, even when it is clearly no longer the right thing to do.

The proposals before you today are part of a process that over the next two and a half years will make Florida's tax system a model for our country. It will result in a system that is fair to our families and our businesses alike. It will stabilize the tax that we have chosen as our primary source to fund education, public safety and services to our children and our elderly.

The joint resolution and the implementing language represent the vision of our President, the collective wisdom of the committee process of Finance and Taxation, Rules and Calendar, and suggestions from many of you and the constructive input that we have had from our constituents, as well as from the committee hearing process. This joint resolution allows the people of the State of Florida to decide their tax system. Just as the people voted on education reform, cabinet reform and judiciary reform, why shouldn't they be allowed to vote on tax reform? The sales tax rate drops to 4.5 percent. This reduces taxes by 25 percent on almost \$300 billion of currently taxed transactions.

Sales tax exemptions go away, except those specifically in the constitutional amendment or unless reauthorized by the Legislature. Specific exemptions for groceries, health services, prescription drugs and residential rent remain. The sales and use tax for transient rentals, admissions, and rental cars stays at six-percent. Exemptions are reauthorized by a majority vote if done as part of the implementing legislation prior to July 1, 2004. The Legislature may only raise the tax rate with a three-fifths vote. After July 1, 2004, any new tax exemption will require a three-fifths vote and a separate bill. Revenue neutrality for the first year of implementation is required, and local government revenues from sales surtaxes are also held neutral. The repeal of the health care assessment, the sick tax, is effective July 1, 2005.

Mr. President, that is the explanation of the joint resolution.

The Senate resumed consideration of—

**CS for SJR 938**—A joint resolution proposing the creation of Section 19 of Article VII of the State Constitution; reducing the general state sales and use tax rate; requiring an extraordinary legislative vote to increase the rate, except with respect to certain transactions; providing that all sales of goods or services are subject to the tax, except for specified goods and services and except for exemptions enacted by a specified date; requiring an extraordinary vote for new exemptions in separate legislation; providing for revenue neutrality; providing that excess sales tax revenues realized by local governments be used to provide local tax relief; requiring the repeal of specified health care assessments.

*Be It Resolved by the Legislature of the State of Florida:*

That the creation of Section 19 of Article VII of the State Constitution is agreed to and shall be submitted to the electors of this state for approval or rejection at the next general election or at an earlier special election specifically authorized by law for that purpose:

#### ARTICLE VII FINANCE AND TAXATION

**SECTION 19.** *General state sales and use tax; rate and exemptions.—*

(a) *Effective July 1, 2004:*

(1) *The general state sales and use tax rate shall be 4.5 percent until changed by general law. Any increase in the rate above 4.5 percent must be enacted by a three-fifths vote of the membership of each house of the legislature. However, this paragraph does not apply to the rate, or increases in the rate, for transient rentals, admissions, and rental cars, as defined by general law, which transactions shall be subject to tax at the rate prescribed by general law.*

(2) *All sales of goods or services, as defined by general law, are subject to the general state sales and use tax; and no exemptions from the general state sales and use tax shall exist except for:*

a. *Sales of groceries, health services, prescription drugs, and residential rent, as defined by general law;*

b. *Exemptions enacted by the legislature after January 1, 2002, and before July, 1, 2004; and*

c. *Exemptions enacted by the legislature on or after July 1, 2004, by a three-fifths vote of the membership of each house of the legislature in a general law that embraces no subject other than the singular exemption granted.*

*For the purposes of this subsection and unless otherwise provided by general law, the term "sales of goods and services" does not include sales of tangible personal property purchased for resale or imported, produced, or manufactured in this state for export; sales of real property; sales of intangible personal property; payment of employee salaries and benefits; or sales of communications services.*

(b) *To ensure revenue neutrality, general state sales and use tax revenues collected for state fiscal year 2004-2005, as estimated by the revenue estimating conference, must be no more than the amount of general state sales and use tax revenues collected during the prior state fiscal year,*

*adjusted by the average rate of growth in general state sales and use tax revenues over the most recent five state fiscal years. The legislature shall enact general law, to be effective July 1, 2004, to implement this section and to ensure such revenue neutrality. The provisions of subsections (a) and (d) do not depend on the enactment of such implementing legislation.*

*(c) Increased local government sales surtaxes realized in state fiscal year 2004-2005 as a result of legislation to implement this section shall be used to reduce ad valorem taxes or other local taxes or fees as provided by general law.*

*(d) Effective July 1, 2005, the legislature shall repeal the health care assessments now imposed under sections 395.701 and 395.7015, Florida Statutes.*

BE IT FURTHER RESOLVED that the following statement be placed on the ballot:

#### CONSTITUTIONAL AMENDMENT ARTICLE VII, SECTION 19

**TAX REFORM.**—Proposing an amendment to the State Constitution to reduce the general state sales and use tax rate to 4.5 percent and require an extraordinary vote of the Legislature to exceed this rate, except with respect to specified transactions; provide that all sales of goods or services are subject to the tax, except for specified goods and services and except for exemptions enacted by a specified date, and require an extraordinary vote of the Legislature to enact new exemptions; ensure that the tax reform is revenue neutral; provide that excess revenues realized by local governments be used to provide local tax relief; and require the repeal of certain health care assessments.

—which was previously considered this day.

#### SENATOR PRUITT PRESIDING

#### THE PRESIDENT PRESIDING

#### SENATOR PRUITT PRESIDING

#### THE PRESIDENT PRESIDING

On motion by Senator Pruitt, **CS for SJR 938** was passed by the required constitutional three-fifths vote of the membership and certified to the House. The vote on passage was:

Yeas—31

Mr. President	Jones	Rossin
Brown-Waite	King	Saunders
Campbell	Latvala	Sebesta
Carlton	Laurent	Silver
Clary	Lawson	Smith
Dawson	Lee	Sullivan
Diaz de la Portilla	Meek	Villalobos
Futch	Miller	Wasserman Schultz
Garcia	Mitchell	Webster
Geller	Peaden	
Holzendorf	Pruitt	

Nays—9

Burt	Crist	Posey
Constantine	Dyer	Sanderson
Cowin	Klein	Wise

#### REMARKS

On motion by Senator Clary, the following remarks were ordered spread upon the Journal:

**Senator Carlton:** Thank you, Mr. President and Senators. I think it is appropriate that we start a discussion or debate on the tax reform issue with an overview of appropriations and our budgets in the State of Florida.

From about 1995 until 1999-2000, we had some significant revenue growth in the State of Florida. In fact, the increases were greater than

they were projected to be. Those were coupled with declining Medicaid case-loads and a flat school enrollment. In contrast, in the next four years, we are going to experience the loss of the estate tax, tax losses from increasing Internet sales, pressures to fund high speed rail and the Article V Amendment, as well as an unprecedented growth in school enrollment and increasing Medicaid case-loads that now account for about \$400 million of our budget. It was alluded to earlier that we are going to be able to pay for those 70,000 new students by an increase in our property-tax values, which we know we've experienced in the State of Florida. But anyone looking at those increases in property-tax values is going to be able to tell you that an increased or prolonged period of unemployment in this state is going to stall those property-tax value increases and make it very difficult for us to continue to depend on the increase in property taxes to pay for our school enrollment increase.

Four years ago, we had \$4 billion to spend in our state budget. Only half of that money was generated from our tax revenues. The other half of it came from tobacco money and surpluses in our Florida Retirement System. This year, we have \$1.6 billion, a 60-percent decrease. This is the first year in anyone's memory that we have less recurring general revenue dollars than non-recurring. That has never happened. Of the \$1.6 billion we have to spend this year, only about \$260 million is recurring. The \$1.3 remaining is non-recurring. This is a 30-percent decrease from previous years. For the first time in our memory, we are going to have to fund a large amount of our budget's recurring programs with non-recurring dollars. We all know what that does to a budget, whether it's a state budget, a home budget, or a school budget, when you fund recurring programs and recurring bills with non-recurring dollars.

The only way we are going to be able to stabilize a revenue base in the State of Florida is to go to a more diversified tax base. This diversified tax base will stabilize our revenues and will allow us to continue providing essential services to Floridians and our constituents across the State of Florida. This year in the subcommittee process of the Appropriations Committee, you are going to be faced with some very, very tough decisions. You are also going to be faced with a lack of dollars to fund some things that are near and dear to all of our hearts, as well as to our constituents' hearts. There is no money, any general revenue dollars, to fund water projects. There's not going to be any money for historic preservation grants, for cultural grants, for library construction grants, or fine arts endowments. It's very much in doubt as to whether we are going to have money to fully fund our transportation program, including TOPS, Mobility 2000, the Small County Outreach Program, or the County Incentive Program. We are going to struggle to continue to fund economic development programs in this state and OTTED programs and rural infrastructure programs.

We're going to struggle to fund prevention programs in the public safety and judiciary area, as well as the health and human services area. Perhaps more pressing than our member projects is the fact that we can't do business in the State of Florida. We can't pay our own bills. We have a \$93 million recurring deficit in the State Health Insurance Program and we can't pay for it. These are serious problems that call for visionary outreach, that call for us to be visionaries and to not be concerned with just today, but to be concerned with the people who are going to sit in this chamber next year and the year after. Thank you, Mr. President.

**Senator Sullivan:** Mr. President, I want to try and avoid speaking about what I perceive the needs of education in our state are. But I do want to direct our attention to what has happened to education as a result of the last couple of years of stop-and-go revenue. It's the stop-and-go revenue that's killing us right now in education. It's killing us at all levels.

One year ago, or about nine months ago, we walked away from here. We said, "We have done some wonderful things for education." Since then, we've cut back on our funding by \$303 million. As we prepare to start the budget process, there is another \$200 million that has disappeared because it is non-recurring. Yesterday in our committee, we heard that the cost of health care insurance and liability insurance is up \$250 million. Next year, we are going to have 75,000 new students in the public school system and that's going to cost us another \$300 million. Now, we're up into big bucks. This stop-and-go revenue has had a devastating effect. In a couple of weeks, I want to give a speech about how much money we need for education. But today I want to tell you about the direct effect of having a revenue source that ebbs and flows with the good times and the bad times.

We started off with some pretty good things a couple of years ago. Under the leadership of the Governor, we came up with FCAT. I think everyone would agree that nationally we did the right thing. In the A+ program, we reorganized the governing structure, we set up some of the best mentor/teacher programs. We were so proud of ourselves when we said we need to do something to attract more teachers, we need to do something to reward good teachers, and we need to encourage teachers to become better. Well, you know because of this ebb and flow of our revenue source, all of those things are about to suffer. All of the good strides we started down the pathway are about to suffer because times are bad. You know it's bizarre. When times are bad, more kids stay in school, which is good, but the reason they stay in school is because there are no jobs for them. It costs us more. Imagine if you had a business that was responsible for putting out 2 million meals a day and was responsible for transporting and taking care of two and a half million kids every single day. You went out and you hired the personnel; you bought the food, and you bought the supplies. Then suddenly, the guy that was supposed to pay for all this, walks in the door and says, "Well, I'm a little short today so I don't think I'll pay you as much." That's what we have done to our school systems.

We did a little survey. We went out and we asked the school districts what they are doing differently because of the money that we have cut back. Well, there are a lot of things you can see from the chart that they did, but let me tell you what the most important things are. You have bought an increase in class size. You have absolutely taken away all the reserves of the school systems. You have a hiring freeze. Didn't we say we wanted to hire more teachers? But now, you got a hiring freeze. If we continue with this level next year, you have largely killed off teacher aides and you have eliminated summer school. A couple of weeks ago, there was an article in the *Orlando Sentinel* about people failing the FCAT test in reading, but they were all given social promotions. Well, you know if you failed the FCAT test, our idea was you were supposed to get remediated. But what have we done? We have killed the remediation because that's where the cutback is taking place. To me, that's pretty unacceptable. I want to give another speech someday, but the big problem is this: that you can't have this ebb and flow. The school districts can adapt. They are very bright people. They can adapt if they know what's coming down the road, but we can't change and that's what this bill is all about. We need to stabilize our educational system and let some of the good things that we have done have their effect.

Yesterday, we heard from the bureaucracy that if you took the State of Florida and you assumed that fewer people in the State of Florida want to get a postsecondary education than most other states in the union, then we need 70,000 additional postsecondary slots in the State of Florida. There was a report that we were referred to yesterday that talked about the needs for postsecondary. It went into a lot of figures, but one thing you know for sure, there are 13,000 more students in the community colleges today than there were last year. You know we're not paying for them. The community colleges are making that happen out of their own funds. We may have to try and pay for it next year, but we are not paying for them now. Now let me tell you what that translates into. One of the community college presidents wanted to start a nursing program. We know the shortage of nurses right now is about 6,000. In Pinellas County, several of the hospitals have closed to new patients because they don't have the nurses. This community college president wanted to start a new course for nurses. When he started the course, he got no money to start the course. He won't get any money until those people are actually sitting in the seat, but he opened this course with everything he had and before the course started, he had filled every slot and had 70 percent of the slots filled for next year. Now we are denying people an education. And that is the subject for another speech. But those little things are not happening all over the State of Florida.

In the State University System, we have cut back. I wanted to show you a book that was given to me by IFAS. This book is filled with pictures of deteriorating ceilings and deteriorating equipment; deteriorating facilities that we bought and we paid for and we should be maintaining. Last year, if you remember, they took about an 8-percent hit in our budget. A lot of people got fired, yes, some people got fired; some programs were cut back, but the maintenance was cut back, too. That's because the orderly flow of these funds back and forth has been cut and they are suffering. That's going on in every institution.

Yesterday, the Chamber of Commerce's report that we all alluded to, that was not a part of public testimony, but I've read the report, and they say that the State of Florida today, instead of the four or five thousand

new students we are paying for in the State of Florida, should be providing an additional 10,000 baccalaureate slots a year in the State University System. You know how much that costs? \$130 million. That's how much we are short. The universities are overenrolled by 5,000 students. We're not paying for them. The universities are making that up out of their own hide. Next year they are going to be overenrolled another 5,000. Under the current budget, we ain't going to pay for that either. That's a 130-million dollar item. If we do this to them, they bring these people in. Now, if you had a product that could guarantee that your clients would double their wages, and that's what a college education does, it doubles the wages of the people that take your product, you'd be a fool if you didn't try to distribute that to everyone. But because of this ebb and flow, they can't plan.

We have several institutions now where well over 50 percent of all their applicants are turned down. What are we doing about it? Well, we are ebbing and flowing. This ebb and flow and the coming and going of revenue destroys the ability of education to adapt to what we are about. We can make all of the speeches we want, but education is a long-term process that has to be planned and thought out and the Governor started us down this road with all these plans but we've been hoodwinked by this economy.

Just when more people want workforce development, want training, just when the numbers are up, our revenue is down. Just when we've got more people wanting to go to college, our revenues are down. Just when we've got more people wanting to stay and get their high school diplomas, our revenues are down. This is crazy. We need to do something to stabilize the flow of revenue in this state.

All of you have gotten a bunch of e-mails and the thing that galls me most about the e-mails is this: people say you can't do this because it's going to raise our taxes and you write them back and you say it's revenue neutral. They don't believe you. Well, for everyone who thinks that this is a tax increase, let me tell you that's wrong. This is a good government tax bill. It allows for the orderly dissemination of services. Every one of those people would have to say that one of the greatest services we provide is education.

Unless we bring stability to this funding situation, the State of Florida will remain in the 40s. What do I mean by staying in the 40s? That's where, by most all measurements, the State of Florida is today. In the 40s, out of the 50 states, and we can't tolerate that. We shouldn't tolerate that.

So Senators and the members of the public, I want to tell you, this is a good government bill. This is not a tax bill. This is a good government bill. It takes away tax exemptions that I think all of us could agree, you know we've got too many of them. When you've got 400 tax exemptions, we've got too many. So, I would encourage members of the public to look at this bill, think carefully about it, and realize come November that this is going to effect education in a major way. Thank you.

**Senator Peaden:** Thank you for allowing me to speak today. One of the staff members asked me to speak because I was an expert on healthcare. I am not an expert on healthcare. That is the first disclaimer I will give today. I am a country doctor. I represent 400,000 folks up there in the Panhandle who are experts on healthcare. I come from a part of the state where they are so conservative that we didn't have any healthcare a hundred years ago. When they did get healthcare, they had to go to Alabama. When they went to Alabama, they didn't pay for their healthcare with insurance because we didn't have any. They didn't pay for their healthcare with paper money because they didn't use paper money. They didn't trust the government. They paid for it in little sacks of gold. Those folks in the Panhandle still have some distrust in government today. They haven't changed a whole lot.

My first memories of childhood and politics are about 1948 and '49. There were two big issues in this state that year: sales tax and penning your stock up and keeping them off the road. Senator Carlton, and other folks here whose families have been in the cattle business, can tell you that meant a change in our culture, a change in our culture as far as the decrease in agricultural and cattle development in that part of Florida. The things I remember about being four and five years old are going to the slaughter house and seeing them make sausage. Mr. Chairman, I can still smell the sawdust in the meat and really appreciate what you talk about when the press describes us as making sausage here today. Because that's what we're doing. The components and the great taste in

flavor that come out in the end are not what went into the product. I have a great appreciation for it.

Fuller Warren was Governor at that time. All I heard about was they wanted to lynch Fuller Warren for making them pen up their cattle, pen up their horses. I can't remember anything about the taxes because I think people considered that a burden that they should pay from the resources from our state.

They have asked me to talk about healthcare. Healthcare is one of those things that's ever-growing in this state. We can take children and educate them with a dedicated teacher and an interested student almost anywhere. I'm kind of a product of that because I had many opportunities for education. Some of it was at the end of a paddle and some of it at the end of a computer. But I learned just as much at one place as the other. But I can tell you one thing, healthcare is a little bit different from education, as the Senator from the 22nd said.

Healthcare is one of those things that we have a duty to provide, a quality of healthcare. You can't do it in the back room today. You've got to do it in the hospital. You've got to do it with nursing care. You've got to do it with hospice. You can't shun it away and have second rate healthcare in Florida today. That's because we have such great concerned citizenry and constituents. Healthcare is a product that has a tremendous economic impact. We have about \$50 million, \$55 billion dedicated to that today. It's going to \$100 billion. We have some liabilities, too. We have about 3.5 million people in our state that are over 65 years old and thanks to Senator Brown-Waite, we did a great job last year of protecting them in adding some funds, \$70 million if I remember right, \$40 million in an additional area to protect their safety in nursing homes. Some of that money was to be spent for diversions and saving and having more efficient systems developed. That's a big area of economic development. As I said, my reflections are what the people in my area are saying about healthcare. They want more affordable healthcare. I certainly think it's incumbent upon us maybe not to furnish that healthcare, but to have the initiative to make sure it's available to them.

If you remember when I came to the Legislature, the cost of pharmaceuticals was about \$600 million. Now, I think it's about \$1.7 billion. But we're keeping people out of the hospital, and they are living longer with heart failure. We're not having Intensive Care Units full all the time. It's real quality healthcare we have here today. We'll probably spend a lot more on pharmaceuticals than we spend on inpatient hospitalizations. That says a lot for technology and development. We have our share of that research in Florida today.

We've heard Senator Sullivan talk about the children in school. We have about 70,000 new kids every year come to school. We are not sure that all those kids are healthy. Certainly, we have a large Medicaid program. In our efficiencies, we have about 959,000 Medicaid managed-care enrollees. I think that says a lot for the efficiencies of our state. We also have the fourth largest Medicaid enrollment in the nation for a state. That is increased with the efficiencies therein. We continue to have challenges with technology. And as you've seen, our Governor is very interested in the developmentally disabled, in resolving those suits that we've had. We've had opportunities to take care of those children and those adults like we should. Certainly, our President's biggest interest is developmentally disabled. The change in the residencies, stopping children from being bounced from home to home, foster home care, making sure that they have the quality of life that they deserve in making sure that with that background that they will have a quality of life, that they will learn and will become productive adults.

I hope that at the end of the day today, that with a dialogue we develop with the House, and what comes out of this great proposal, while I'm an anti-tax guy and all the folks in my part of the country are anti-tax people, that this dialogue will open up a procedure similar to the Constitution Revision Commission. Every 10 years or so, we will keep looking at these areas and keep looking at the areas that might not have the financial impact or the wherewithal to pay these taxes that we might change them as we have the sick tax. You know it's better off to be sick in Florida, but you have to pay a tax on it. We ought to get rid of the PMATF and I want to thank Senator Pruitt for being the sponsor of this bill and acting on that.

The task force, which has met for the last 18 months, had some basic rules. Equity was one of the most important things; a tax that everybody could comply with, and that we didn't spend as much money trying to

collect it as we did collecting the taxes. Procompetitiveness, and I think there are folks up here in the balcony who will share my thoughts about competitiveness, whether it's for workers' compensation or making sure that we don't tax ingredients that go into things like paper mills or tax transportation, we should continue that procompetitiveness. Neutrality, so that we don't increase taxes. Stability, so that it'll be there; and integration, so that we get the maximum advantage of local and federal taxes.

I'm not an expert at healthcare, but I know it's one of those responsibilities we are going to have to shoulder. Even with the help of the Federal Government, I think we are probably two years ahead of any other state in the implementation and design of healthcare systems. Certainly because of the commitment of our presiding officer, we are there today.

I hope that towards the end of the day and 50 years from now if one of my grandchildren, it'll probably be a granddaughter, has a chance to serve in this august body, that she will remember that we did something to improve the quality of life for Florida, and improve our culture, and not just remember that we talked about a tax. Thank you, Mr. President.

**Senator Brown-Waite:** Thank you very much, Mr. President. Yesterday, I was visited by some teachers, as I'm sure everyone was. We talked about the needs of schools. They told me about many of the needs of the schools in Pasco County. I then said to them, "Well, tell me your views on the tax plan." The comment was, well, they knew what they saw on television. So it helped to educate them. It helped to educate them because what I shared with them was this chart. This chart shows that, for example, retirees may only have Social Security and a little bit of other income. Those people would save up to \$146 a year based on the tax reform plan. Folks spending \$70,000 and over would save up to \$509. That's a very significant amount. Now we all know that teachers don't earn that much so we went to the median amount of about \$247. They weren't very impressed. I also reminded them that this is going to be on the ballot. I didn't make up these figures. An economist who studied what goes in, and what comes out as a result of the language in the bill, came up with these figures.

Every household, I think, in Florida wants to know what this reform plan means to them, because all they are hearing is that it's going to cost them. All of the things that we are hearing on television simply are not true. Many of the things that they're saying on television, I fought to have excluded. That was one of the reasons why I supported this bill. It does not impose a tax on daycare. It does not impose a tax on funerals, as the ads read. I think that it's so important, when we go back home this weekend and in the future, that we convey to our constituents that this actually is a savings plan, that they will be contributing less individually to the coffers.

We also have to remember some things from opening day. I mentioned why I was supporting the bill. I pointed to my grandson. We're going to have an additional 70-some thousand students coming. One of the things, and the Senator from the 1st mentioned it, was the nursing homes. Remember last year, because we care about those seniors, we ratcheted up the number of hours that they have to be given care. Well, we also have to remember that about 70 percent of people in nursing homes are on Medicaid, and Medicaid comes from federal and state tax dollars. Now this coming year we're going to 2.6 hours. In the future, it's going to be 2.9, and hopefully future legislators will also increase that. But what that means is at both ends of the spectrum, at the nursing-home end we have substantial needs, and also with the new students coming into the school system, we have needs. Remember that this virtually is a diversification.

This is a tough vote for many. I know that it is a tough vote. You all know I've faced some pretty darn tough votes in here. The major thing that we have to continuously remind our constituents of is that they get the final say. It's not whether you push the red button or the green button today, but rather that they will have the final say in November. They're going to have the final say virtually on the future funding stream for Florida.

I encourage each and every one of you to look at these figures. We cannot turn our backs on these figures. We cannot turn our backs on the savings. Continue to educate, continue to go, when you go home, to talk to your constituents, virtually the same way that you diversify your portfolio, the same way you want stability in your life. That's what this



proposal that we have before us today does. I would encourage anyone who may still be undecided to review what this is going to mean to the average family back home. It is going to be a savings and a pretty darn substantial one to many families. I think that this is obviously one of the reasons why AARP endorsed it. I think when the majority of the public out there who go to the polls, when they go, hopefully they will have enough information, and that they will support this bill.

Thank you, Mr. President.

**Senator Meek:** Thank you, Mr. President. First of all, I would just like to say that I appreciate the courage that many of you have in this chamber. I appreciate the honor that's also in this chamber. Serving here at this desk from the 36th District is not only a responsibility, but it is something of a legacy. Many of you served with my mother here. She's a champion and still is a champion for the little guy and the little gal in the State of Florida making sure that those individuals are not left behind.

I thought it was very appropriate to sign on to this piece of legislation as a co-sponsor, knowing that in the spirit of the Senate, that when I was a young person going to Florida A&M and I used to come up here and sit in the gallery and watch my mother and Senator Dick Langley go at some of the best debates that I've ever seen, I wonder that when it comes down to principle, we can't think about politics. That's the reason why I signed on to the bill.

I think Senator Sullivan had some very eye-opening revelations for some of us, but it is truly a reality in the State of Florida. I just want to address the issue as it relates to the politics of this vote. It's a double-edged sword, ladies and gentlemen. Some may say, "I can't vote for this because folks may think it's a tax." Well, if you ask the average Floridian, they will think it's a tax, because guess what, somebody told them in a thirty-second ad that it was. Someone told them that it's an income tax for some people. Somebody told them, "Watch out for those politicians in the Florida Senate." Well, it wasn't any of us here in this chamber. We don't have the money, nor the influence to do that. I think it's important, ladies and gentlemen, when it comes down to protecting Floridians. What I see in this proposal for reform, the best thing in it, is that it is not a backroom deal. Now many of you know that I am the chairman of a constitutional amendment to reduce class size in the State of Florida. It's not the fact that I don't have confidence in my colleagues, be it Democrat or Republican, to do this, to reduce the class size and that's so very, very important. It's the fact that I do not want that experience to be a backroom deal. I want to make sure that we protect children in the Constitution. That's why we're doing it.

Well, this deal is not a bill, it is a joint resolution. All we are doing here today is saying, people of the State of Florida, those who are registered to vote, that you are going to have an opportunity to vote on, not only protecting your future in the state but also, you are going to have an opportunity to make sure that your children's future is protected, because that is what it is all about.

Every parent, every grandparent, their goal, Democratic or Republican, green, purple, or red, is to make sure that our children have a better opportunity than what you had. Make sure that your grandchildren have a better opportunity than what you had. That is the goal.

I commend the President for doing this. Those who know that we have to protect our children's future, that is paramount. Now on one end, a lot of my friends in the business community, who I have a great respect for, and for some of the broadcasters, I have great respect, but it goes to show you of what you have seen, as early as this morning when I was putting on my tie, I saw a wonderful, well, but a wonderfully, how would you say, misleading ad on local television about some of our colleagues here. I saw it.

So if you think that something that is going to go before every one in the State of Florida to vote on, if you think all of this is going on under that scenario, what happens in the halls of this Capitol every day and the kind of pressure that is put on us has now been made public. So I want to make sure Floridians understand that kind of pressure. I want to also let you know, for those detractors of this joint resolution, that this is a double-edged sword. I mean detractors in the 160 members of the Florida Legislature, if you vote for this reform, people may say, or like they say in my district, "They say" that we voted for a tax. But, guess what, if you vote against it, people may say, "They voted against your sales tax being lowered in the State of Florida."

Now this is definitely going to separate the men from the boys or the girls from the women. The Senator from the 32nd said, "Excuse me." When you think about the politics of it, ladies and gentlemen, this is why you ran for office, to make these tough decisions.

One thing I said, Mr. President or Chairman Pruitt, when I signed on as a co-sponsor without a deal. I did not go in and rake the Senate President saying, "Well, you know, my cousin needs a job and I'll sign it." I didn't do that. I was not a politician in this thing because I know when the bottom line comes down to it, those with power and influence and the fact that they can spend up to a million dollars in some sort of tax ad marketing to my constituents that I am up here selling them out, I know that we have to have tax reform here. I want to say to everyone that I think it is very, very important. I think it is commendable, and I appreciate you all voting on the earlier amendment, dealing with the barbers and beauticians. I know none of us want to get up from a chair with a Mohawk. But I think it is important that when folks say that this is against the little people and for the big people, and that we are letting people who don't even live in the State of Florida off the hook, that's wrong.

So I'm encouraging you, ladies and gentlemen, to forward this debate over to the House and put the responsibility on them as it relates to responsible government. This is not a sound-byte policy here. This policy is to make sure that everyone plays a role in this. All you are doing is advancing this to the people, and I believe in that. I want to tell you, Mr. President, that I got a call from my folk back home. A barber called me the other day. He said, "Senator, you know, we have our association and you helped us get organized. You told us that you were going to go up there and fight for us and we don't care what anybody says, even if they tell us that Kendrick is doing this and that against you, and all of these little different things. But we're with you if you're right. We don't know if you're right or wrong on the issue, but we're with you and we know that you're going to do the right thing." And I explained to him the right thing was looking out for his daughter, who I know goes to Nowling Elementary, and is in a classroom of 42 kids in a 4th grade class. The question is, "Do you care more about her or do you care about what they're saying?" And that is the question. Of course, I knew the answer to that question because they say in politics you should never ask a question that you don't know the answer to.

I think it is important that we explain, and be ambassadors of, what we are going to send over to the House and put the onus on them. And I know that there are people over there that are level-minded thinkers and understand that the future of this state, and growing as a state, that we cannot afford for our revenues to go up and down. So I encourage you to vote for this. I commend the leadership for their courageousness. Senator King, I appreciate you for being a broker in this process, and also some of the other unsung heroes in the scenario. So I look forward to standing firmly with you and let's just launch this across the rotunda.

**Senator Garcia:** I am going to speak to you as a businessman. There has been a lot said, what is going to happen to small businesses and to businesses in Florida due to this issue. I have to tell you that what I have seen and what I have heard, and the advertisements that have been placed throughout the State of Florida and, against some of the members on this floor of the Senate, are untrue, are far from the truth. I am not going to speak about what they are saying.

We heard the Senator who is proposing this legislation speak about what the tax breaks are. We were, each and every one of us, given a package as to what this bill actually does. What this bill actually does, or this resolution, is give the people of Florida the opportunity to decide what they think is appropriate or not. But the opponents of this proposal continue to say that it is going to be devastating to the businesses. It is important to convey that the real effect of this proposal will be a complete, different process of what we are talking about. What could be devastating is to see the elderly in our communities go to a drugstore counter and be told that we do not have the dollars to be able to pay for your medication in the future. That is devastating.

What is devastating after listening to the Chairman of Education talking about the losses we have in education, or the future in the program that we're trying to implement and the changes that we're trying to make, we're not going to be able to comply because we don't have the dollars in the future. That could be devastating for businesses. The distribution of sales tax exemptions before and after the reforms to the businesses of this state is 6 percent, a total of \$14.9 billion. If this

reform is passed, it would be a total of 4.5 percent, a total of \$8 billion coming from businesses.

Many businesses will have a tax cut enhancing their competitive positions such as retailers, auto dealers and restaurants. Most small businesses will experience tax saving because they spend more on rent and utilities and supplies to run their businesses as the Senator who is proposing this legislation said, "A small business with \$500,000 in expenses spends about 35 percent on rent, utilities, and supplies and 10 percent on professional services. The total saving to that business will be about \$375 a year." The impact on construction services would be a 1.5 percent tax which would be imposed. However, that would be offset by the reduction of taxes on construction materials. The sales tax paid on business and professional services would be included in the deductions for federal income tax purposes.

What I ask myself is, these people that are paying for these advertisements, calling this what they want to call it, where are they going to be when that elderly couple goes up to that drug store counter and cannot pay for their medication in the future? What ad are they going to run then? What are they going to say then? I bet you that they're not going to be anywhere around and that's unfortunate. They have made a lot of criticism and they have won a battle by trying to say that this is a tax.

This is a reform. This is not a tax. This is a reform for the future of Florida. This is a reform for the future of our children. Why don't they call it what it is? I wonder and so do the people of Florida. Thank you, Mr. President.

**Senator Geller:** Thank you, Mr. President. Members, if I were writing this bill, this is not exactly the way that I would write it. I doubt, on any complicated issue, that any one of us ever gets exactly everything we want out of a bill. One of the things that I would do, if I were writing this bill from scratch, heeding the words of the Senator from the 22nd, and hearing about all of the problems that we're facing in education, I would actually say that we should raise more money to try and deal with some of these issues. I think what we're going through, all of this pain of fighting the special interests, enduring more of the lies in this, I would actually like to raise additional revenue.

But a policy decision has been reached. This is not going to be any form of a tax increase whatsoever. This is going to be revenue neutral. I sort of disagree with that. I would like to raise revenue, but politics is the art of the possible. I understand that what we have decided to do is ensure the stability of our tax system as opposed to increasing any taxes. That, in and of itself, is a noble and important issue that we are facing. Without raising any new taxes or cutting any taxes we face huge revenue problems in the future. You've heard talk about our Medicaid shortfall. I've served on the Finance and Taxation Committee for a long time. We've been scared about the effect of the Internet and it's going to come, it's going to come soon. As more and more people start to buy goods through the Internet, they're not buying them through our Florida stores and the State of Florida is losing out on sales tax collection. We all know about Washington repealing the estate tax. What many of our constituents don't realize, is that's going to cost the State of Florida a billion dollars.

Where are we going to get this money? Where are we going to get the money? The state has moved, the state has switched; 20 years ago, 30 years ago, the overwhelming majority of our economy was sale of goods. That's not the case anymore. Florida is fortunately changing towards a high-tech future. We need to come up with a way of capturing this revenue, because as the sale of services increases as a percentage of our economy, the sale of goods has been decreasing. We cannot in this state, with all of the problems that I just mentioned, we cannot rely on our major tax source, a decreasing source of the economy which is what sale of goods is, and ignore the sale of any increasing source in our economy, which are the issues that we're looking at.

Members, if I were writing this, I would want to be raising money, but we're not. It's revenue neutral but it's the stability that we need. It's something that will keep our tax base stable in the future, that's what we're doing.

The last thing that I want to point out, we all know the chances of the House accepting this in the identical form that we have passed it, even if they liked it they wouldn't accept it, they'd make some change just as a matter of principle. This is the first step on a long path, but we need to take that step. Let's vote for the bill. Let's send it out. Let's send it to

the conference process and come up with the bill that will be good for the State of Florida, for our children and grandchildren. Please support this constitutional amendment.

**Senator Sebesta:** First, Mr. President, I would like to take a quick second to personally thank you and congratulate you for the great job you've done with this bill. You hear the expression about the slings and arrows, I guess you've seen a few in the last few weeks. But thank you.

Members, some of you know that in one of my past lives, actually my immediate past life, I was the Executive Director of Real Estate for the Catholic Diocese of St. Petersburg. I did that for over 10 years and I was responsible for all of the real estate and most of the construction in the diocese in the five counties of that diocese. One of the things that I really emphasized and worked heavily on during those years was senior housing, low income housing. I personally was responsible for building three HUD 202 projects in the Bay Area. In that regard I became very familiar and worked very closely with a lot of other religious and 501(c)(3) charitable institutions as we moved these housing projects along.

I started to think about this the other day. I realized that a whole group of folks, religious and charitable, may be scratching their heads right now wondering whether or not, if the voters passed this in November, they'll be affected by this. If they are affected, will they be adversely affected? Well, there is only good news here. There is no bad news here. If the voters decide to pass this referendum in November, if those charitable institutions, religious and otherwise, are sales-tax exempt today, they will be sales-tax exempt then. There will be no change. There will be absolutely no effect on them.

Some examples would be, the sale of religious items, no sales tax. The sale of U.S. and other flags, including our great Florida flag, no tax. Sales or leases to churches, real estate, a big item, one which I worked on very carefully for over ten years, no tax. K-12 school books and lunches, no tax. Tuition, no tax. Crime prevention programs, no tax. And obviously the list goes on and on. So the thing to remember, is, if those organizations, religious and not-for-profit, are sales-tax exempt today, they will be sales-tax exempt tomorrow.

I really hope, and I sincerely hope, that the focus of this debate comes down to one very important, in my opinion, issue. That is not whether or not we do something here today, and I believe this body will vote yes, to this proposal today. But we must get out to the voters of the State of Florida, that they will make the ultimate decision in November.

Years ago, the residents in the State of Florida made a similar choice. They decided that this state would say no to an income tax; a position on which I would very much agree and I'm sure you agree as well, I see a lot of smiles on the floor. But, we made that decision, that we would not go the income-tax route. That has proved to be a very, very wise decision for the State of Florida.

When we did that, we cast our lot in the sales-tax venue of taxing. That's fine, but, as we moved along, our society has changed, our looking at that sales tax has not changed. This is the time that it should change. Our base is shifting. It's changing a great deal. Now is the time to look at that base and say, hey, this is the 21st Century, we're not still back in the 1940s, '50s or '60s. This is the 2002nd year.

It's time for the State of Florida to look at our sales tax base and say, it has served us well in the past and it is now time to serve us well in the future. I am supporting this bill today and I hope you all are too. Thank you, Mr. President.

**Senator Villalobos:** Thank you, Mr. President. For those of you who haven't had the privilege of watching television the last couple of days, you soon will realize that those of you who are supporting this process are going to be on it. It is not going to be something that you are going to like very much. I will be honest with you, when I saw the attack ads that were on the air, at first I became upset, and I thought that the fact that you have lies told about you was very un-American and undemocratic. But then I realized, I am not the object of the attack ads. You know, special interests who are getting these ads out there are not afraid of me and they are not afraid of you. Special interests are afraid of the people that put you and me here. That is what is going on here. If special interests were afraid of us, they wouldn't have us on those ads. What this is, is light of hand.

Special interests have declared a *jihad* against the very people who have elected each and every one of us. What they want is to fool people into thinking that politicians in Tallahassee are doing something. Do you know what we are doing? All we are doing is giving the people the opportunity to decide what to do with their money. Those ads say that politicians are going to take people's money away. Let me tell you whose money it is. It is the folks that vote. It's their money. It's not businesses' money. It is the folks who vote, it's their money. Now, nothing could be worse for special interests, than if those people were allowed to decide the fate of their own destiny.

What is going on is a sinister and deceptive plan in the works to ensure that folks never have an opportunity to see the truth. This is a constitutional amendment. The people of Florida will be given an opportunity to vote. Now that is the essence of why we are here—democracy. The proposal must pass both the House and the Senate by three-fifths vote, and after that happens, that is when it goes on the ballot.

We are not telling anyone what to do. We are just making this available for the people to vote. The basis of our political system is the right of the people to make and to alter their constitutions of government. This was said by George Washington on September 17, 1796. That is all we want to do. I think the people of the State of Florida deserve an opportunity to do that. Thank you, Mr. President.

**Senator Campbell:** This might seem like a different look at this problem. But we are dealing with liberty, folks and liberty, the freedoms that we all have mean responsibility. As leaders, sometimes we have to take actions that seem unpopular at the present time, but will have positive results in the future, and that is what we are here about. We are here to govern. Government means responsibility. Governing means we have to consider the future. We have to consider the child that is not yet born, who might need neonatal care.

We have to consider those folks out there who are physically and mentally disabled and need the means and opportunity to get jobs to live a successful life. We have to consider those who have Alzheimer's who don't know where they are now but who have caregivers that spend a great portion of their day taking care of them. We have to look at those folks out there who are drug addicted and need some care from government to try to make their lives better. We have to educate our children because education is the greatest equalizer we have. If we don't have the stability of the tax dollars to pay for these services, society is going to break down. Those liberties that we all cherish will be lost.

I strongly believe that democracy is not going to be killed by an ambush or assassination. It will be killed by apathy, indifference, and most significantly, undernourishment.

The Senate President and the Senator from the 27th have taken the leadership skills to work at a system of taxation in Florida that does not give us stability. The Senator from the 20th read to you a list of some of the items. He took a little of the wind out of my sails, but let me read some of the other items, and why our tax system needs to be changed.

Movie tickets are taxable. But exempt is movie-production equipment. Dog and cat food are taxable. But feed for poultry, ostriches, dairy cows, and race horses is exempt. Purchases of pet food, taxable. But purchases of racing dogs, not taxable. Little League equipment, taxable. But professional team sports equipment, non-taxable. Chocolate-covered peanuts, taxable. Bag of peanuts, not taxable. Candy apple, taxed; apple, exempt. Tea in liquid form, taxed; tea bags, exempt. Lemonade, taxed; lemon juice, exempt. Interior decorator services, taxed; services for stenographers, exempt. Party boat fee, taxed. Charter fishing boat fee, exempt. Foreign flags, taxed. U.S. and Florida flags, exempt.

There is a mismatch of exemptions that need to be looked at. All we are doing, folks, and again I think that this needs to be stressed, is allowing the citizens of the State of Florida to determine that the tax structure that presently exists is not stable; that we cannot give good government, unless we have the money to provide for the services that we have an obligation to supply to our citizens. Remember liberty will be lost. I was once told when I was in grade school, I guess one of the reasons why I got here, is that it's easier to criticize than to create. That is why in society today we have a lot more critics than we do creators. It's about time that the Senate stood up and said we are going to create. What we are going to create is good government which is going to protect everybody in the future. I encourage you all to vote for this constitutional amendment, this resolution. Thank you, Mr. President.

**Senator Clary:** Thank you, Mr. President. Probably just about everything that can be said, has been said as it relates to this resolution. When this was first presented to us by our Senate President, who talked about 1949 and the tax reform that went on at that time, and all the anguish and things that we have looked at over the years since then, the various tax proposals that have come about, I knew very little about how we have gotten to where we are today. I tried to take this very seriously and do some research and go back and look at a little bit of the history.

I did go back as far as when we became a state in 1845, when we had a population of 70,000 and a budget of \$140,000, and a majority of that money was used for public education. I thought that was kind of interesting. We sure have evolved a lot since 1845. As I was doing my research, I found a few books that talked about tax, the sales tax, tax reform and there was one that had an interesting quote from a historian. This was from the Florida State University Center for the Study of Education and Tax Policy where they had been charged with doing research on the Florida tax structure. They produced a book in 1979 called Financing Florida State Government. There was a recent historian who said, "For some 600 years, mankind through some of its most able minds has sought to solve the problem of raising these funds in the most effective and least painful manner, but none of the methods devised has been able to disguise the fact that the money has to come out of somebody's earnings directly or indirectly." That's what we are struggling with today.

All that being said, we've heard that we are facing an economic crisis in the future, potentially in the very near future. We all agree, I think, that the intangible tax is an unfair tax. The Federal Government is looking to eliminate the death tax. I think by 2006, it will be totally eliminated in cost or we would have a loss in revenue in the State of Florida of about a billion dollars. The Senator from the 1st talked about the PMATF tax and how unfair that was; a tax on just being sick and having to go to the doctor. There are problems of dealing with the Internet and the loss of sales and the general revenue that comes from that. The education needs and the Medicaid problems, I think in the last two years we've had to make up \$2 billion in shortfalls just in Medicaid. In the infrastructure needs, we have no idea what cost that is going to mean to us in the near future.

The resolution that is before us today focuses on reform. In the book that I was reading, it talks about three approaches to tax policy revision. In the first approach, it mentions reform being one of the areas you can look at and look at in a tax policy. Another area is tax expenditure limitation, with the goal of reducing taxes in the aggregate. Hopefully, as we continue this discussion, that may be an area that we also look at in the future. The third idea that it talks about under tax policy revision is tax relief. I think if the first two are successful, you begin to see tax relief in that third idea. Today I'm going to support this resolution because I think it's important to continue the discussion and I appreciate the Senator from the 27th bringing this to us. Thank you.

**Senator Rossin:** Senators, these past few weeks have been tough on a lot of people in this room. Many of us have had to ask ourselves a critical question, "Why did we run for office?" What were the ideals, what was the vision, that made us think we could make a difference? But no matter how you've struggled with your vote today, my bet is that no one here has had a tougher time than our leader and President, John McKay. He has taken personal and professional hits because he had the courage to do the right thing. I, for one, am proud to stand with him today as a co-sponsor of his tax reform proposal. I've told the Democratic Caucus that I firmly believe each of them should vote with our President because, quite simply, it is the right thing to do. That's what your vote comes down to today.

I'm the most senior member of this Senate who has never served in the majority. I've learned a few things about being in the minority. Let's face it; the title of Madam or Mr. President is a lonely one. It's easy when you aren't in charge to say what should be done, or how it should be done, or when it should be done. It's altogether another thing to have the vision and courage to get it done. We all know that our state needs a tax structure that reflects the Florida of the 21st Century and not the Florida of the 1950s. This is not a tax increase.

President McKay's proposal is revenue-neutral now, but as our tax base grows, we will have the more stable revenues that are so desperately needed to fund our rapidly growing state. I have to admit that I'm completely baffled when I hear that anyone is struggling with this vote. The proposal may not be perfect, but if we don't allow the debate to start now on tax reform, when will it start?

Need I remind you the State of Florida is: 40th in per capita Medicaid spending; 43rd in state health rankings; 49th in high school graduation rates; and 50th in state and local spending for higher education overall? We have 336,522 families with children at risk of child abuse and neglect in our state. Seventy-six point eight percent of the need is not funded. We have 195,698 children with an emotional handicap, serious emotional disturbance or mental illness. Seventy-five percent of the need is not funded. We have another 232,054 children with, or at serious risk of, substance abuse problems. Seventy-seven percent of the need is not funded.

Senators, the future is a fragile thing. A "yea" vote is a vote for the future of Florida. You were sent here to make a difference. Now's your chance.

**Senator Klein:** Mr. President, thank you, Senator Pruitt, Senator King, and those of you who have taken so much time and energy in doing what the Senator from the 35th just said, which is lay out the case for a change of tax policy revenue neutrality in the state.

We, as Senators, are elected to serve in the state. We are elected to represent our constituents. We are elected to use our own values, our own judgment, and blend that without constituents to come up and express a vote.

I, personally, am not uncomfortable for voting for taxes. I have probably voted for as many taxes as anybody in this chamber. When I was in the House, we had many opportunities to do that. I have also proposed various kinds of taxes; alternatives, ways of accomplishing what everybody in this chamber is looking for, a solution to an unstable tax system.

We have an unstable tax system in education and health services. It has played itself out, not only just in this last few months, it has played itself historically, up and down and up and down and most pronounced, certainly, in our educational system. The question is, of course, "How do we solve that?" The problem is, we collect \$50 billion. We all know that is a massive, huge amount of money, for the fourth largest state in the country. The question is, "What is it that the voters say to us when we raise the question as legislators, not in the form of a constitutional amendment, but as legislators, when it is proposed for us to consider any type of change in our tax structure?" They say, "Why? Is the money being spent efficiently and appropriately? Is there waste? Are the classrooms filled with the right kinds of teachers? Are the end results exactly what they would expect for the money that is being put in it?" It is a return on investment, business strategy, and it is also very personal, obviously.

I think what we have to get to is, how do we get there? What is the most reasonable, most pragmatic solution? I think about what is now being considered by this chamber and what is, unfortunately at this point, not being considered by the other chamber. But I imagine by the end of today we are going to have down at the other end of the hall a proposal to take this to the voters.

If it was my way of thinking, I think this Legislature should vote on it directly, and there are a couple of reasons for that.

Number one, I think that is why we are elected. We have to make the case to our voters, as legislators. We get elected or we don't get elected based on how we vote. This is a crucial time for us to make a stand in terms of importance of tax policy. Again, I think Senator Geller, the Senator from the 29th said, maybe it could be done differently. I think I would probably have proposed a different approach. But I guess the point is, if this ends up getting to the voters, my biggest concern, and I think it has been expressed today in small measure, because I think it is going to get a lot worse, is what type of information is going to be presented to the voters by those that oppose this.

We know what happened in 1987. We know what has happened in relatively small measure today. We know this is the right thing to do, but it can be very complicated. We know what happened with the high speed rail. Something that many people said, "There is no way that is going to pass." And it did pass. But why did it pass? Because of information that was presented by one side and there was really nothing presented by the other side. I am not suggesting that both sides won't be expressed here because they will. But I am concerned about a massive blitz that will confuse the public. This is why, I think, when we try to get to the end result of what it is that we want to accomplish, which is a means to solve our long-term tax stability; I think there are other ways to do it. Which as this goes through the process and we end up discussing

it with the other side, I would think that some of these things should be put out this way.

Number one is the question of the whole sales tax system. As opposed to doing it through the format that is being presented, the idea of sunset-ting, possibly over a five-year period, all the sales tax exemptions. Take the ones we have right now that are on the table in the implementing bill and then let everything go forward in terms of, that's the teeth. But let the Legislature come together. Let the public, under the light of day, which may not have been the case in the last 50 years, discuss all the sales tax exemptions, whatever they may be, and have a full and public review, as we have had so far up to this point, with the ones that have been presented. But force it out, they say. Let everybody have a shot and a meaningful process as to all the rest of the sales tax exemptions.

Another thing to consider is whether we go through another form of tax reform altogether. One of the things I proposed a number of years in a row was homestead exemption. Many of you may shake your heads, oh, no, we can't do that, just like an income tax. But you know something, we have an unfair homestead exemption situation in this state where many people in this state pay a fair share of local taxes but do not pay a fair share because the valuation of the property, the different valuations around the state.

I am told by the Department of Revenue a couple of years ago, they could raise \$3 billion in terms of fairness. Everybody paying some level of their fair share, with some at the bottom level of some means testing to make sure the people that really cannot afford it do not have to pay it. There are other solutions to this process. But, again, I think the question is, "How do we get through the end of the day?"

Although I appreciate the Senate President's leadership, and I know this is going to be a continued work in process, I would suggest that some of these ideas that I have come up with in this session, and I know many of you have talked about as well, as they move across the hall and downstairs and we try to get something out, that those are the kinds of things that come out of this Legislature.

**Senator King:** Thank you, Mr. President, members. I'll try to be brief because some other people have already said that redundancy has already begun to be heard. I think there are some things that need to be said, and said more clearly than, perhaps, we have done so far.

I do not know what we are afraid of. All we are doing with this bill, as we have done with bills before it, for years before any of us were in the Senate, was to make a Senate statement about a piece of legislation that we felt was worthy and then send it to the House, at which time they will take up the debate. They will look at our suggestions and, most clearly, as they have done in the past, they will make their own suggestions. How many times have those of us here in this chamber said publicly and to each other, "We need to send a strong Senate message?" This is no different.

I am not sure the bill is a perfect bill. I am not so sure that some of the accusations about some of the things that happen to it aren't somewhat true, but no one else is either.

I am sure of a few things. One; a Senate President who has led us more nobly than anybody could have ever imagined has made this his quest, his legacy. It is not an edifice to Senator McKay. It is not money in Senator McKay's pocket. It is not a road or a building. It is his genuine fear that if something is not done in the year 2003 or 2004, the state could face an economic train wreck. Only with this issue being properly framed, fleshed out, and discussed could we righteously be able to say that we did the right thing.

One year from now, God willing and in spite of the television commercials, I'll be in that Chair and many of you will be in your chairs. When you are in those chairs, can you, in your own good conscience say, if you voted against this opportunity to discuss the balance of our revenue stream, to consider the ebb and flow of what has happened to us, if you vote against it, how can you ever say that you have done the right thing? We are not asking for this to become law tomorrow. We know it will not be. We are asking for a clear, concise, and logical debate.

The times that the clear and concise, logical debates have occurred while this resolution was being formulated have already resulted in massive changes; where we heard the complaints and we weighed it against the potential and we considered the economic impact, we

changed the resolution to reflect what we then realized was the right thing to do. I am telling you that will happen between now and the next time that we see whatever this bill becomes in the House many, many times. So, we are not asking for anybody to say, "This is it." We are not asking anybody to do anything other than to react to what could be a crisis at a time when we are not in that crisis.

I've got a hospital in my district, so does Senator Holzendorf, that will probably declare bankruptcy in the next 60 days, University Shands. I don't know that for a fact, but probably. Why? Because we do not have the funds to bail it out. It is not that we will not have the funds some time. We have had the funds before, but we do not have it now. We cannot be reactive now.

In my newspaper this morning there was an article: "Children's Services Suffer Budget Setback." Nearly 15,000 Duval County youngsters will lose services because of cuts the Legislature has made. That is an impact of \$26 million and 566 jobs. Now, it is not that these programs were not funded; they were. It is not that the programs were failing. They were great programs, and we funded them when we had the money. But because tourism and September 11th happened, almost simultaneously in a decline, we do not now. How can we possibly not react to what is so clear? Not a tax increase. In 1987 I was one of those people still here, I led the attack against the services tax because then it was just pure and clear a tax increase. This is not that. This is revenue neutral. It broadens the base. It gives us an opportunity not to have that ebb and flow.

It gives us the chance, before the bells ring and the lights are focusing and people are saying, "My God, the sky is falling," to react statesman-like, deliberative, and, yes, senatorial, to the problem so that we might face and talk about the consequences and give some verbal understanding to what we can do to protect the constituents that we serve.

Finally, even when this bill does, if it does pass final muster of this Legislature, in whatever form it is, we take the ultimate step. We say, "OK, Florida, you tell us. What do you want us to do?"

We can most assuredly stay just the way we are if that is what our constituents want us to do. We are prepared to do that. I am prepared to do that. I am prepared to do that if I have that gavel, if that is what the citizens of the state want us to do. That is an option.

The other option is to have the people in this state consider the impact that this reform plan has on their lives, on their businesses, on the businesses with whom they work, and make a clear and concise decision, a learned, informed decision as to what they want for themselves, for their kids, and for the generations to come. So even after we have passed it out of here, we still go to the citizens of this state and say, you tell us what is right for you and what is right for yours. I cannot think of a fairer, I cannot think of a more just, I cannot think of a better arena in which to conduct what I have just said than right now when times are tough, but not impossible. Because most assuredly if the recession stays, if there is another September 11th—God forbid—or if there are any other imponderables that are on the horizon, or if the Internet buying continues without the tax accompanying it, we will be faced with those decisions.

Isn't it time we knew? Isn't it right to ask the very people that sent us here to tell us what you want of us?

Status quo? Easy to do. Make changes? We are prepared. All we ask is a fair shot for an informed electorate to tell us what they want. Thank you.

**Senator Wasserman Schultz:** Thank you, Mr. President.

Senators, I lost more sleep on this vote than any other in my 10 sessions as a member of the Florida Legislature. I have the luxury of living in a community that has many prosperous families. Yet, at the same time, I represent many that are not. That luxury allows me the latitude to vote either way on this proposal. I could argue it both ways. Quite honestly, I have had many an argument with myself over the last few weeks. Politically, everybody, probably everybody in the Capitol, expects me to vote "yes." That is the predictable outcome when, like myself, you are a person who believes that government has certain, unshakeable responsibilities that must be met.

I went back and forth on this issue because, quite honestly, someone like me could also get political mileage by voting "no." If I did so, I believe that I could go home and explain that vote and, at the same time, possibly bring myself off the political margins with some groups up here.

On the other hand, the schools in my district and in Florida are bursting at the seams. I think I must have said that in this chamber, and the other one across the hall, a thousand times. In fact, I have the biggest high school in the country, Flannigan High, in my district. It was built for 2,200 students and, in the fall, it will have 6,000 students.

I also considered the fact that this would not be exactly the way that I would have structured a vote on tax reform. I am sincerely worried that we are only going to get one shot at this and, when we take it, I want to take our best shot. I was undecided, truly undecided, until about nine o'clock last night. Then I talked to my husband.

I was on the phone with him last night for our nightly conversation and he actually asked me how I was going to vote. I should preface recounting this conversation with him by explaining to you, if you don't know, my husband and I are pretty different.

He's a banker, he's fairly conservative politically, and in fact, I can tell you he believes he is a Republican. He is not a registered Republican, but he believes he is a Republican.

I told him that I still wasn't sure what I was going to do. To be honest, I was a little surprised that we were having the conversation at all because he pretty much never asks me how I am going to vote on things up here. What made the conversation even more surprising is that we have never talked about tax reform. With 2 1/2 year old twins, as most of you know, there is more to discuss than how I am going to vote on various legislation in this chamber.

He launched into a speech, and there were others around me when I was talking to him, that was so on message with the President's office. Mr. President, I had gotten nervous that you had called him. I was pretty sure that you had lobbied him right before I spoke to him. Steve said to me "Won't people save money on a lot of stuff that they buy if the sales tax is lowered? Won't that bring people to Florida to buy things?" I swear, Mr. President, this is exactly what he said. The example that he used was automobiles. He said, "Won't the people on the border of Georgia, if they have a choice, come to Florida and buy their car, if the sales tax is lower on their car here than it would be there? Won't reducing the sales tax actually bring business to Florida?" Quite honestly, I have heard the President make that same argument and wasn't entirely convinced when he made it, but my husband is just a regular guy. He thinks he is a conservative and he came up with those arguments on his own. He truly believed that they were right. I was arguing with him, I argued the other side for about 15 minutes and I was pretty much stunned, needless to say, from the conversation. When I hung up, I was a little closer to deciding.

Then I woke up this morning and came to the Capitol. I walked into the chamber, really still not entirely sure. I've had a lot of conversations with Senators on both sides of the aisle on this. I spoke to another colleague about what he was going to do and I was surprised about the decision that he had come to. I said to him, "What if this affects you on election day? What if you don't come back?" He said, "Debby, it ain't about me."

In the end, Senators, my husband and a colleague helped me to remember that I didn't run for the Legislature to advance myself. I ran for the Legislature to make the world a better place.

Voting "yes" today might put us another step closer to that ideal.

**Senator Miller:** Thank you, Mr. President. We've heard a lot on this floor today. I'm going to try to put a personal twist, or personal touch, to this debate.

When you serve in the delegation with the President, the Rules Chair, and Senator Latvala, you know they hit you pretty hard. I was hit pretty hard on this particular issue. But I talked to my constituents, as I always do on a lot of issues, in Pinellas County, in Hillsborough County and Manatee County, to try to find out what they wanted me to do on this particular issue and what their thought process was. Believe it or not, a lot of people understand this issue. Whether they realize it or not, a lot of people understand this issue.

I had the opportunity to sit back and think hard about some personal things in my life. I know I don't look like it, I have five grandchildren. You can agree with me, I don't look like it. But, two of them are in grade school. They're in advanced classes, which means that they're smarter than their grandfather. I talked to them about their particular schools, and what was going on. One is 7 and one is 11. They told me that their classes are overcrowded, that some of the classes or some of the things they have are in closets of the schools, they go to lunch early. Those are some of the things that I've been up here trying to work on since 1992.

I said to myself, this is absolutely wrong, we all know this is wrong. The classrooms are small, classes are large, schools are falling apart. My eleven-year old granddaughter, who lives here in Tallahassee, flew back with me from Tampa to Tallahassee. We had a long conversation, talking about a school that she's in that's almost five or six years old, and it is leaking in that school right now. How do we handle that problem?

I'm married to a retired teacher. My daughter is a teacher. My daughter-in-law is a counselor in the school system. I hear stories all the time about what's happening in our public school systems. You heard the Senator from the 22nd talk about what we talked about yesterday in the Appropriations Education Subcommittee. We're 40th this, we're 40th that, we're almost number 50 in this. The cornerstone publication that was supposed to come out talked about how much we need to put in education funding, and we do.

I have an eighty-six year old mom that's in a nursing home. Her body is shot but her mind is sharp. She's fortunate. But last year, when we were on this floor, with the help of Senator Brown-Waite, we worked hard on what we could do to improve life for those that are most vulnerable in nursing homes. If we cut back on that, they're subject to some real serious problems. I don't want that to happen. I have an eighty-four year old mother-in-law who takes a lot of prescription drugs. She's a little fortunate. She can afford it. But what about those out there that we hurt when we have to cut the budget and cut those prescription drugs who must make that decision, "Do I buy these drugs today or do I eat?" To them, that's a major, major, major decision. Major decision—do I eat or do I buy these drugs to live?

As you all know, my daughter had breast cancer surgery last year. She is fortunate enough to have insurance to go to one of the best cancer research centers in this country; that's Moffitt Cancer Center in Tampa. She's alive, doing well today, and back at work. What about the young lady or that woman who can't afford to go to Moffitt or any other cancer center because they don't have insurance and they can't get there? I don't want to sit here and see what happens to that young lady or that young man who has prostate cancer who can't afford to go there because they can't afford to have insurance.

These are our most vulnerable people in this state. Should the state government take care of them? You're doggone right. You're doggone right we should. I have a son who is a police officer in Tampa. He likes to tell me, "Dad, my job is to put people in jail for a living." I don't want to put him out of work, but crime prevention is cheaper than locking them up. We hurt this state, and we cut so deep into juvenile justice this past special session. I've been up here talking about crime prevention since 1992. We've got to do something about that. It's cheaper to put the money at the front end than to put it at the back end. It's cheaper.

I came to this legislative process in 1992 as a member of the House. Our budget at that time was about \$38 billion. It's at \$50 billion. Last year, we had to come back and take some of that away. When we cut, we hurt Florida's most vulnerable people, our young children, our elderly citizens, and those that need us the most. We hurt them. In 1992, we had about 10 million people in this state. We have 16 million now, and we are continuing to grow, on a tax structure that was put in place in 1947 before many of us were even born.

This is 2002. Things changed, ladies and gentlemen. They changed. The President of the Senate is to be commended for what he is doing. Would I have had the opportunity to write this, I might have done something different. In 1992, I almost filed a bill to talk about restructuring our tax system. But I was called to the Speaker's office back then, and he told me, "Son, what do you think you're doing? You better back off this." Being a young freshman, I did. But we have to do something in this state. What is wrong with letting the intelligent decisionmakers, the intelligent voters in this state have the opportunity to vote on this issue? Absolutely nothing. Absolutely nothing.

My grandchildren saw me on television in some of those commercials. My mother saw me on television in some of those commercials. I told them, "Don't worry about it. They're just saying some things that were distorted."

But for you out there in television land who are listening to this, let me tell you the principles behind this tax exemption, this tax restructuring we're talking about. It protects Florida's households with an adequate burden on basic household purchases and promotes homeownership. Everybody wants to have a home, regardless of what color you are, how old you are, and how much you make. It assures that visitors to Florida continue to pay their fair share for Florida's services and infrastructure. It protects the expression of First Amendment rights. Some of the small newspapers in my district had a problem with this before we did some changes to it. It protects charitable, religious, civic, and educational activities. It promotes economic development, and in some of our districts, Lord knows, we need economic development. But it promotes economic development; it maintains the competitiveness of Florida's businesses. It supports access to healthcare by not adding to the rising healthcare costs. And it removes taxes that are insufficient to collect, that result in governments taxing each other or that specifically tax on a tax.

Ladies and gentlemen, what is wrong with allowing our intelligent voters to make a decision on what they want to have exempted? What is wrong with this? We're in a dire situation. The economists have said over the next three or four years, we're going to be \$4 to \$5 billion in the hole. Our classrooms are going to get larger, we're going to lose our teachers to Georgia, where teachers make about \$7,000 more than our teachers make, and we want the best and the brightest teaching our children. Our senior citizens who depend on prescription drugs must make that decision, "Do I eat or do I take these drugs, or do I eat dog food or cat food?" And that's not right because they paved the way for a lot of us. Those who depend on us the most for healthcare that don't have insurance will end up suffering more and more.

So, our pictures are on the television. Some of us get a little scared. Just like the Senator from the 32nd said, "I came here to work for the betterment of the people of the State of Florida, not to advance my political career." If I'm targeted next year, and I lose, so be it. I can wake up the next morning, and like my late father said, if I look in the mirror and I said I did the right thing for what's best for the people I represent, that's all I can do. That's all I can do.

Yes, this is a tough decision to make for some of you. But it's the right thing to do. Forget your political careers. Think about the 16 million people in this state. Think about you're taking a tax from 6 percent to 4.5 percent. And to some of our constituents, that is monumental. As Spike Lee says, "Do the right thing." Just do it.

**Senator Lee:** Thank you, Mr. President. You know this is a proud day for me, the issue notwithstanding, because I will tell you that I have heard some of the most thoughtful and eloquent remarks that I think I have ever heard in this Senate. Many of them have been stated better than I could ever state them.

Senator McKay, Mr. President, you are as much my friend as you are my colleague and President of this Senate. I have an awesome respect for this institution, and for that office we have elected you to serve in. You have empowered me to assist you in many of the things you undertake in this Senate. While much of what I might say has already been said, I just feel like it might be a little too conspicuous for me to not be present during this debate.

Mr. President, I rise today just to say a few things that I think some of these folks may not know. I have been with John McKay in some of his more introspective moments when he sat quietly and pondered on what it is we are doing. The journey he's taken this Senate on, as we've watched television commercials, negative personal attacks launched at members of this Senate that have elected him to lead, and he anguished over what those who had supported him were suffering because of his bold initiative that is before us today. I want you to know that, because we're not here today without a great deal of thought and concern for the members of this Senate. We don't know where this proposal goes, but it's been said by Senator King, "There's a process; nothing we do today will impact one single person in this state."

This is an opportunity to advance an issue as Senator King, the Senator from the 8th has said. We have a great deal of respect for the House

of Representatives, the bicameral nature of this Legislature. We know this resolution will go to the other end of the hall and it will be considered and it will be melded and this process will work and at the end of the day something will come back and we will have to consider the stamp the House has put on our legislation.

My point is that notwithstanding all of the mechanics of the bill and I've heard it all; I've walked the halls; I've talked to many of you about what you're going to do here today. I've given a lot of thought to this, Mr. President, and to me, today is not just about tax reform, it is about your respect for this institution and its rightful place in state government.

If you support every single tax exemption that is on the books today, you vote against this proposal because you don't belong in this issue. But if there is anything that you believe we ought to be doing to look at the tax situation in our state, then you need to give this Senate, and the President of our Senate, an opportunity to advance that issue so that we can deal with those things the way the state government has been set up to deal with them. The day we stop advancing issues in this Florida Senate because we think someone in the process isn't going to take them up, we shut it down.

So Mr. President, I support tax reform. I don't know where we're going, but I support you and I support this institution. I just think it would be remiss of me, although much of what I said has been already said, not to stand and encourage the members of this Senate to stand behind their Senate President at this time. Thank you.

**Senator Holzendorf:** Thank you, Mr. President. I am going to be very brief.

Last year in this chamber, I attempted to get rid of a tax exemption. The President, at that time, promised that we would look at all exemptions. I withdrew it because we needed funds for education. I did not need to be convinced to become a part of this because I became a part of it the very first day because I believed in it. I don't know what school a lot of the people who have been lobbying me went to, but currently the tax rate in Florida is 6 percent. Tax reform is reducing the tax rate to 4.5 percent. Now where anyone gets an increase out of that, makes me think that we went to different kinds of schools; thank God for that.

We are not raising taxes. We are broadening the tax base. We are providing for fairness and equity in terms of how we fund government for the State of Florida. That is what we are doing. All of us in here, particularly those of us who came from the House, have taken hard votes, and we have been lobbied hard by the lobbyists.

I remember growth management, Senator Pruitt, and no one took a harder hit than I did on it. I remember tort reform, when every business man from Jacksonville, Florida was sitting in the wings up here looking down. That was a hard vote for me, but I took it because it was the right thing to do. This is the right thing to do and we need to commend those people who picked up this issue and were willing to go with it. Those of you who have been targeted by the media, don't think of yourself as losers; you are already winners, you have won the respect of everyone because it says that you are not bought and you are free to make a decision in these chambers and obviously you've told somebody "no." That makes you a winner. The people of the State of Florida, whether they agree with this issue or not, should respect their elected representatives who are individual enough to take facts and sit in these chambers and come up with solutions to problems that they have told us exist in this state. That's what this is all about, the problems of the State of Florida.

I came to the legislature in a recession. I am leaving the legislature in a recession. That means that between those 14 years, something is wrong with the revenue strength. The fact that the President, Senator Pruitt, Senator King, and the members of this Senate, are going to give the people of the State of Florida an opportunity to allow the future Senate to correct that problem, is a good thing. No, you are not going to see these changes this year, or next year, or the year after that. What you are going to see is the people of the State of Florida being educated to the fact of how they get the funds for education, get the funds for human services, get the funds for the judiciary and the jails. Do you want to stabilize the method of funding for those activities through this kind of reform?

So make no mistake about it, we are not raising taxes. The ads are lies, they are distorted, the people in those ads are admirable soldiers of this

Senate. They need to stand fast and hold hands and be steadfast and immovable. I commend the Senate and the leadership for taking this task on.

**Senator Jones:** Thank you, Mr. President. I was not going to speak on this bill. I just made the decision about five minutes ago to do so. I want you to know I love being in the Senate. It is such an honor to spend time with all of you. When I was in the House for two years, I clearly recognized that debate didn't really make much of a difference. Only on rare occasion was debate listened to enough in the House where people actually would change their vote. I think I saw it over a two-year period, maybe three times. In this body, we listen to each other; in this body sometimes we differ philosophically, sometimes we do cast political votes. I try hard never to. But in the end, we always, all of us, try to do what is right. I think that's great.

When Senator McKay, our President, made his initial speech as President of the Senate, he said two things that really got my attention. The first thing he said was he wanted to engage in tax reform. The first thing that got my attention, that is.

I thought to myself, well the previous five governors have tried to do that, in this particular round, maybe it's going to be the Senate President that tries to do it. But the second thing he said that got my attention was he wasn't going to run for subsequent office. Whoa, that means he has the capacity of doing the right thing during his term as Senate President that he can actually do what he believes in.

So I was excited and I told him that I wanted to help him initially with tax reform. I had some ideas about how the strategy should work, but we never really did have that conversation. In fact, to this point and time, Senator McKay has not talked to me about this bill. And so, I thought after watching historically what has happened with this issue, and especially with Governor Martinez being so aggressive with it, that the best way to attack this would probably be over a three-year period. Maybe you could crunch it down into two years. If you told the public that you have these great goals for the state, great education system, build the economy, improve healthcare, and good criminal justice and etc., protect the environment, and you told them that we are going to take a three-step process.

The first step is we're going to make government as efficient as we can and have savings from that. Tell them how you are going to use the savings and then walk them through the process and then they would see how you are going to use the savings and they would respect that. Tell them the second step is to grow the economy. For example, invest in national trade and other things, build more new ways and jobs, invest in small business. Tell them what you are going to do, then make the investment as you're doing it and watch the economy grow for about a year or two.

Then you tell them, "Well, you know we had these five great goals in the beginning that included education, criminal justice, etc., and we want to accomplish this thing, but we need this much more to do it. And, with your permission, we will take this much more to get it done." Then you can work on tax reform. The public would respect what you'd done in the past already. You would have built strong relationships with them over time. Then regardless of what the attacks were, when they came, we could still ultimately prevail. That's what I wanted to discuss with you.

We crunched it down into six months instead of two years or three years and here's where we are. So I don't know, I'm curious as to whether we will prevail or not. We will in this body, but whether we will ultimately win for the people of the State of Florida still remains to be seen. From an outsider's point of view, in a sense, I'm curious about this strategy. I hope it works. This is something we've sorely needed for years. But if it doesn't, and if I have an opportunity to be a lead on this in the future, I want you to know what my strategy is, because that's the way we're going to do it, if it doesn't work. I don't mind admitting that I've made a mistake.

When I cast my first vote on this bill in the Rules Committee, I came in late to the committee meeting. People had talked about this issue being one that was going to be an open debate, exchange of ideas. I walked in the Rules Committee meeting five minutes late. Ten minutes later, there had been no debate on the bill and we were gone. I was wondering what happened to all the debate. I talked with Senator Silver and thought maybe the Rules Committee is not the proper place for it.



It went through the Finance and Taxation Committee. I'm not on the committee, so I don't know if there was any debate there or not, quite frankly. So I felt a little bit miffed about the way it went through that committee and voted against it. But today I'm listening to the debate, what we've heard, some of it outstanding.

I hope the kids and the State of Florida, are looking at this because this is it. This is the best of the best of what I've seen in this legislature. I tell you somebody ought to record this and make every kid see this around the state before they finish school this year. The comments, I was particularly moved by, I mean all of you, but Senator Meek, Senator Wasserman Schultz, Senator Sullivan, Senator Rossin, Senator King, you know the things you had to say. I want you to know something Mr. President, I'm changing my vote, and I'm going to vote yes. Thank you.

**Senator Smith:** Thank you, Mr. President. When I was asked to speak on this, I said, "Can I go kind of late?" The reason I wanted to go kind of late in the debate is because, as the Senator from the 40th presented and brought to my attention in the special sessions, I am the least experienced legislator in this room. I can tell you that part of my lack of experience was reflected by the fact that the first day they had the bill, Senator Pruitt had the jacket, I ran over and signed it. If I had been a better politician, I would have probably gotten something for doing that right away because I didn't know that I was going to find out how bad an idea this was from all the people who were going to tell me about it. But I want to tell you, in fact I was stopped the other day, and I shared this with Senator King, someone stopped me and said, "You know in 1987 many a promising career was ended over support of the service tax?" And my response was, "Well, this isn't the service tax, it isn't a tax increase and I didn't think my career looked that promising."

I want to tell you I'm also struggling a little bit with myself on why I didn't struggle much with this particular thing. I signed on right away because I campaigned on tax reform. I got a couple of endorsements from newspapers who kind of don't like the idea of advertising. For a while that was a little debate as you know, but they actually put in their endorsement in selecting me for office campaigning on tax reform. So, I'll be honest with you, if I were to vote no on tax reform I wouldn't look like an honest candidate or much of a politician. I want to tell you that I don't believe that this is a perfect vehicle or a perfect bill or a perfect tax bill.

I don't think it's going to be the final product. Nobody in this room does. That's not the question for me. The question for me is, "Should the debate on tax reform in Florida continue?" Now, if we vote no today and it's over with, don't think that the other House is going to bring up tax reform, and don't think that it's coming out of the other branch of government. It's not coming.

The question is, "Should we take a long look at tax reform?" I couldn't be as eloquent as Senator Sullivan when he talks about education; those figures are baffling to me. I don't know medical care. But what I can tell you is I do know about juvenile justice and I know that it's a shame that we're shutting down drug courts.

I know Senator Futch cares a great deal about why they didn't get drug courts in some of the circuits this year. I know there are parents calling people right now, and you're some of them, and they're saying, "My child is in trouble. Can you help me?" My answer right now is, "If they get convicted of a felony I can get them some treatment, not until then." I know that's not what Florida's supposed to be about.

I want to tell you that this for me was not a difficult decision. Because it's about how we see the future. Do we want to honestly look at Senator King's suggestion? Do we want to honestly look at all of the options in front of us?

Now, I tell you what you shouldn't be talking about right now. I've learned some language this week, because I'm so inexperienced, I didn't know about. I didn't know about gross rating points, somebody brought that to my attention. I didn't know what those points stood for. Gross rating points. Yeah, I didn't even know what they were until somebody brought that to my attention. I didn't know about exit strategies. Let me tell you what an exit strategy is. That's how you try to run and find cover on an issue. If you've got to go run and find cover on the issue, you probably don't need the cover on the issue. If you're against it, vote against it. If you're for it, stand up now. This is not about being a perfect product. It is about whether you think this debate ought to continue.

Mr. President, I want to tell you that I even had somebody bring this to my attention this week, and I want to remind you of it. I ran in a Republican seat. When I won, I took a Republican seat. I know that's not dear to many of you. I thought it was a Democratic seat to start with. When I ran—John McKay—I want to tell you I've never seen a banker come up with more money than he came up with to come against me. They came running to tell me that the Republicans are really out to get you. This isn't about being Republican or Democrat today; this is about an institution. This is about a Senate.

My grandfather died last year at 99 years old. He taught me a phrase called "riding for the brand." That's where we are now. You need to do this. You need to show some real courage. Thank you.

**Senator Dawson:** I really did not intend, or come today, to speak on this entire issue. It reminds me, and I'll be brief, of the story about Everybody, Somebody and Nobody. Florida's taxing structure, Mr. President, has been a situation that Everybody has known was in trouble. Somebody thought that Somebody Else would do the job. Therefore, Nobody did anything. I want to congratulate you, Mr. President, and for those of you in the entire Senate, for being Somebodies who have the courage to do something about it.

You know, people have said to me, "Why would I support a tax, being a minority with minorities being thought of as poor people being hurt first by taxes." I think the truth is that people elect us to be stewards. That's similar to being a good parent for the people in the State of Florida. I think that what we all said to them on our campaign trails was that we would have the courage to do what is right.

I've been here since 1992. When I got here, I really thought that this process was going to be about freedom, justice, and doing what was right. I had no idea that there would be other folks that we would need to base our decisions upon, whether or not the press did a favorable story or whether or not individuals took pot shots at us on television. Quite frankly, when I was told that my picture was on television I needed to thank them because when you are in the Legislature, any press is as good or better than none at all. I'm just hoping that they spelled my name correctly and that I was having a good hair day.

Mr. President, you all know how I feel about healthcare and how I feel about jobs and how I feel about education. I don't need to describe to you what is happening in my district in South Florida because we already know. What pains me is when those individuals share their version strictly for their selfish concerns. Who's going to explain to our seniors in the State of Florida that they have to share Medicaid dollars with the children? Who's going to explain to the people who are without jobs now, that they no longer have healthcare, that they do not have a job and if there is a catastrophic illness, that we have taken away funds from the medically needy program?

There have been people all week, walking the halls, coming up to visit with us to talk about why or what to do in the medically-disadvantaged transportation programs. We told all those people when we campaigned, that we would be good stewards and that we would be the Somebodies to do what was right.

Mr. President, I am just honored to have had an opportunity to know that this Senate truly is about crossing party lines and that when folks ask me whether or not I am a Democrat or a Republican, that I can truly say that I am a steward, a human being, and that I know 39 other Senators who have searched their hearts and have been willing to be good stewards; and that our leader had the courage, as a good parent would, to lead us in a time that Florida has to decide either to do the right thing, or to continue to go backwards. Our children, our elderly and the future integrity of this institution is riding on what we do here today.

Thank you, Mr. President.

**Senator Saunders:** I have just a few very brief comments in support of these proposals. Obviously the merits of this issue have been debated by many very eloquent speakers. I'm not going to cover the merit sense.

I want to do a couple of things. First of all, I want to congratulate our Senate President. I also want to congratulate the Senator from the 27th for having the political courage to bring this debate to the floor. No one disagrees with the statement that this debate is of critical importance to the future of our state.



Our Appropriations Chair, the Senator from the 24th, has told us about our budgetary problems and has told us about the future of our sales tax collection. Clearly, this effort must be undertaken. We need to do this to stabilize our tax base and to recognize the realities of our new economy. Our children, our seniors, those of us that are in need of healthcare, all Floridians are in need of this tax reform. I want to emphasize that this is not a new tax. This is not a tax increase. This is simply a reform of an existing tax and, in fact, most Floridians will enjoy a tax decrease. Most families will enjoy a significant tax decrease in this proposal.

Finally, I want to congratulate my colleagues who support this effort for their political courage. Some think that this is a very difficult vote politically, but in reality, this is a very easy vote. As we put the interest of our citizens above any political considerations, I want to say to my colleagues across the hall, the members of the Florida House of Representatives, let Floridians have an opportunity to vote on this issue. Let Floridians have an opportunity to determine their future and how we tax our state.

Again, Mr. President, I want to thank you for your courage and your energy in bringing this very important debate forward. It is my hope that we send a very strong message to the House of Representatives that this debate must be undertaken during this legislative session.

**Senator Silver:** Most all of you know, I am the longest-serving member in this Legislature and I have, for sure, witnessed several ups and downs over the 24 years that I've been here. Frankly, the only thing that's gone up and down more than the revenues is my weight during that particular period of time, and we've seen what the outcome of that is. That's why our revenue structure is bad. I've said many times, it is absolutely absurd the way we go about this process.

As to my friends in the business community who oppose what we are doing here today, not a single one of them would attempt to run their business the way we do business here. There is no ability to do long-range planning. Every business will tell you that they have to do that in order to be successful. We can't do that here. We have to do it year-by-year. Let me give you an example in the healthcare area. We all know that the most effective way to reduce cost in the healthcare area is prevention. Diagnostic testing is where you catch a cancer early on. Let me tell you what our system does. Let me tell you what the response was to saying, "Wow, I hope we can do a better job of catching a cancer early on because we know that we can prevent high costs later on." The individual said to me, "Well, if we have this diagnostic testing and we find out about it, that means that we will have to spend money this year to take care of the problem. Now if we don't do it and we don't detect it, then it will happen sometime in the future and it will be for another group to worry about." I'm a little bit baffled by that rationale but that's what the way we do business creates.

What type of people are we? What type of people do we want to be? What type of people do we want Florida to be recognized as? I'll tell you, that's what this is all about. What type of people are Floridians? Do we care about each other? Or do we care about ourselves? Do we care about how much profit we are going to make versus whether or not other people who are less fortunate than some of us, or some of those businesses might be, are taken care of? I would suggest to you, and this is why I am in public service—because my parents and my grandparents taught me very well—you've got to care about other people. You just can't care about yourself. Those that are opposing us, I would suggest to you, are caring about themselves. They're not looking at the big picture. They aren't looking at a great Florida. They aren't looking at a better Florida. They're just looking at how they can reap the most out of those of us who are trying to do something for our state.

You know, it is difficult to vote on some of these issues but I am baffled, quite frankly, as the Senator from the 35th and the Senator from the 8th have indicated, on why this is a tough vote. I think if you vote "no", that is a tough vote. How can you go up to somebody that's complaining about classroom size, somebody that's complaining about healthcare, somebody that's questioning you on what you did about it, and say, "Well, you know what I did about it, I voted 'no' on tax reform. I voted 'no' on enabling Florida to have a better tax structure so we can have more revenues."

It was a fair tax. In other words, there were no free lunches. All Floridians should be participating in this process, not some greater than

others. We all should be participating in the process. So I don't understand how those of you who are going to vote "no" are going to go back to your constituents and say, when they tell you, "Classrooms are crowded, we don't have enough for healthcare and human services," and you have to tell them, "Yes, I voted 'no' on a plan to do something about it." Now, we've all heard this.

I don't care what you do, but do something about the plan. It may not be the best one. There may be a better way to do it but let's do something. I don't know if you vote "no" on this, how you explain that you've done nothing because that's essentially what you're doing. By virtue of this, it's saying, "I did nothing. I want all these things but I did nothing about it." I don't understand that.

As you've heard me say before, we could argue all day long about government, whether it's too big, whether it's inefficient or whatever. Government does exist and should exist for a very basic purpose that I think we can all agree on. That is to take care of people who can't take care of themselves. That's what we have to be all about. What is that? That is something great. It's from the heart. It's something that we say, "We are all human beings" and there are some who can't take care of themselves. There are some that need our help. We need to do that. We do have unmet needs.

We agonized, as you remember, in our Human Services Subcommittee about what we were going to cut. As I told you then, what we were talking about is who is going to live and who is going to die. That's what our subcommittee is about. We're talking about not products, we are talking about human beings, fellow human beings. What makes this country great, what makes this country outstanding, what makes us almost unique, is that we value human life. We know some other countries don't value human life. They could care less whether or not you live or die. They've demonstrated that. We care. We are a caring people. We care about other people. We want them to continue living and being a part of their families. You can't just say it. You've got to do something about it. You've got to create the resources to accomplish that objective.

Well, Mr. President, this is not a difficult vote at all. This is doing something. This is doing something about the problem. This is talking about us as a people, why we are a great state, why we are Floridians. I would suggest to you, as it has been said before, there are a whole bunch of modifications we can make. There may be better ways to do some of this and we can discuss that. We can't discuss it unless we get it out of here and go to the next step. So I would urge all the members of this Senate to really dig deep down. Think about those people who cannot and will not get their needs met because we have not created the resources to take care of them. Thank you, Mr. President.

**Senator Diaz de la Portilla:** Thank you, Mr. President. Senators, as the Chairman of the Commerce Committee, I would like to offer some thoughts on this plan's impact on Florida's economic development.

One of the issues being ignored in the moneyed interests' campaign of lies and deceit is the fact that the fiscal instability and the inequity inherent in our existing tax system constrain our state's ability to create a business climate supportive of greater and larger long-term economic development goals.

We saw what September 11th did to our state budget and the unpredictability of our current tax system. We can't make long-term investments in infrastructure and human capital that are truly important to the development of a new economy with our existing tax system.

Florida could provide sales tax exemptions for every kind of business imaginable and not be any more competitive with out-of-state business if we cannot produce the kinds of skilled workers needed by employers, if we cannot construct the kinds of roads and other infrastructure necessary to move goods to market, or if we cannot produce research innovations from our universities that will spawn the goods of tomorrow. It's a no-brainer. This is a choice between providing a hodge-podge of tax breaks for some powerful interests on the one hand, or facilitating long-term investments in Florida's future by making strategic improvements in our antiquated tax system for the benefit of all Floridians.

Research indicates that transportation, workforce, education and quality of life are absolutely critical to business relocation and expansion decisions. I believe this proposal will promote economic development in the new economy by fostering greater stability in fiscal management of the state and by ensuring that revenues are available to support the

kinds of programs that will make Florida a more attractive place for business to relocate in our great state.

This plan is good for Florida's business climate, but it's also good for those Floridians who are often ignored in Tallahassee.

Senators, I am a quiet man, but quiet men often hear the voices of the quiet others don't; the quiet ones that lack the power and the lobbyists to be heard in Tallahassee. Quiet ones like Sarah Grimmer, age 82, who lives in East Little Havana by the Miami River, a very poor neighborhood in my district. Sarah called my office yesterday and told me to stay strong, to show courage and to continue to do what's right; to please fight to lower her sales tax to 4.5 percent so she can afford the things that will improve her quality of life. She and her husband live on \$240 a week.

She also said to me, "I know you have always voted to help people like me, people who need our voice heard, and please do not let them intimidate you." And I said, "Sarah, that's never happened and it's sure as heck not going to happen now." I fight for people who can't fight for themselves. I fight for the truth because the truth and facts are stubborn things. So to the Sarahs of the world, and Senators, I will tell you that this Senate and this Senator will not be intimidated. This Senate and this Senator will not be coerced. This Senate and this Senator will do what it has always done and that is the right and courageous thing. This Senate will turn a deaf ear on the desperate moans and groans and crybaby tactics of special interest groups. This Senate and this Senator will listen to, and will not silence, the voices of the people of this great and beautiful state.

Mr. President, I want to commend you for having the guts, and I could use a different word but I won't, to fight for your vision and to do what you think is right. I want to commend you for not mandating it, for giving the people of Florida the right to vote. Isn't that what a democracy is all about? Pat Roberts and others who think they can intimidate this President, and by extension, this Senate and this Senator, well you ain't seen nothing yet, Senator from the 19th. We will fight back and we will prevail. Senators, I urge a yes vote for this good measure.

**Senator Latvala:** Thank you, Mr. President.

I've cut this speech down considerably as we've gone through the morning because a number of you said the same thing I wanted to say. We've talked a lot about the bill and the issues and why this is good for Florida. I just want to talk a little bit from my heart about this institution because if we have ever seen an example of how this institution works and how great this institution is, it is this morning.

I was thinking last night about what I was going to say today. Later this spring, nine of us are going to walk off this floor for the last time. We have had good years here. We've formed great friendships. That's the good thing about a collegial body such as this. For each of those nine people who will walk off this floor for the last time, they have each at different times exhibited great courage and great leadership on issues of importance to this state.

Senator Jones, not only today did you exhibit great judgment and great leadership but the year before I got here, you had one of the greatest examples of leadership when you led the Rosewood issue through this Legislature, and just doing what the right thing was.

My good friend, Senator Silver, the Dean who just as passionately as he always has been able to do, has stood up here today with his defense of those who need our help the worst; the people who are medically needy, the developmentally disabled, the people who can't help themselves.

My good friend, Senator Dyer from Orlando, who has steadfastly supported public education in the face of all of our great new experiments that we have tried over the last few years and in the face of all of the challenges that we've brought, Buddy Dyer has always stood tallest for public education.

Senator Sullivan, my colleague from Pinellas County, who is also leaving and who my county owes a great debt of gratitude to for putting us - my county - on the map in higher education. That mark he will leave here in the Florida Senate.

Senator Holzendorf, my roomie, who has never, ever hesitated to speak her mind, to challenge whatever authority there was or whatever

the general notion of the day was, has never, ever hesitated to be the only one to vote against something if that was what she thought was the right thing to do. She exhibited great courage.

Senator Brown-Waite. Those of us who were in the Senate in 1995 will never forget the day with the tobacco-litigation repeal, when she single-handedly turned the tide on the repeal of that bill. She exhibited courage that I didn't have and she turned the tide and set a great example for all of us.

My longtime friend, Senator Burt, whom I knew before I ever came to the Florida Senate, and has been my friend regardless of that fact. He has been our leader on criminal justice issues, our expert on some of the sensitive and tough issues like rewriting the death penalty and making sure that Floridians who do the worse thing get punished for it and who I know, when he was Majority Leader of this body on more than one occasion, was the only vote besides mine in the Republican ranks on some social issues that aren't too popular in our party. He exhibited great leadership on numerous occasions. That courage we all are aware of, that leadership we all are aware of.

Senator Rossin, the only guy in this Florida Senate that I know of, who reads every bill. He knows every issue, has questions that are meaningful, studies the issues, and is always the champion of children and families.

We've seen all this courage and this leadership in the Senate. As we walk out of here later this spring, we need to look back and think about whether we've made our state a better place. Then there is one more example of courage that sometimes we miss. One of the guys who says the least in this place, and who has been here the shortest amount of time in my opinion is exhibiting the most courage of anybody on this floor today. The Senator from the 18th who is the newest Senator and has the most conservative district in the State of Florida, is joining with us as a co-sponsor and will most assuredly be called upon to pay a political price of some sort, but he has agreed to do the right thing. He has stood with us.

Courage and leadership is what this Senate has been about. As I told many of you, the proudest day of my life was when I got elected to the Florida Senate. I love this institution. I have enjoyed greatly serving in this institution and I have enjoyed greatly standing next to the other of the nine of us who walk out of here at the end of this session, and our President. I have enjoyed standing with you on some of the worst days and I am enjoying standing with you on some of the best days that you have had here.

But you know, as we leave here, we need to ask ourselves, "Did we make our state a better place? Did we make a difference? Did we provide for our school children in the future? Did we provide for the health of our citizens? Did we provide for adequate nursing care for our elderly? Did we save lives when we had the chance to do it?" Today we can make a difference. Today we can show courage. Today we can begin the process of leaving a mechanism in place, a better system, to meet the needs of our state's future.

If not now, when? If not this, what? If not us, who?

Thank you, Mr. President.

**Senator Pruitt:** Senators, I know that getting to this day has not been easy. Issues this big and this important seldom are. The hue and cry of special interests has been intimidating to some and more of a nuisance to others. The Florida Senate has remained steadfast and strong. In the end, the truth always sets you free. We have discussed the facts of this most important issue in an open and honest way. I am proud to be a member of this body, especially on this day.

In 1787, the Federal Convention convened, in what is now Independence Hall in Philadelphia, to revise the Articles of Confederation. Eleven years had passed since the Founding Fathers had pledged their lives, their fortunes and their sacred honor in declaring their independence from Great Britain. Through discussion and debate, it became clear that this Convention would draft an entirely new frame of government, a Constitution. All through the hot Philadelphia summer, the delegates argued and debated in closed sessions and redrafted the articles of the new Constitution.

It is because of the work of our Founding Fathers in Philadelphia 215 years ago that we are here today, debating the merits of this important issue, much like they would have centuries ago. Imagine, however, if that debate was taking place today. Imagine if the day before the final vote, a political poll was released saying what they were about to do was wrong. Would our forefathers have been deterred? Imagine if they had been publicly mocked and ridiculed and if misinformation had been spread about what was to be in that document. Would they have believed in it any less?

Senators, you and I were elected by our constituents to represent their interests and care for their futures. The trust which they have bestowed upon us is never taken lightly. They sent us to Tallahassee, not because it would be easy, but because they entrusted us to make the toughest of decisions on their behalf. This is one of those decisions.

Will we shrink from our responsibility? Will we stand up to those more interested in their personal future than in that of their state? Will we perform the duties which we swore to uphold, so help us God, on the day of our inauguration to this body?

In a speech entitled "Citizenship in a Republic," President Theodore Roosevelt said the following, and I paraphrase:

It is not the critic who counts: not the man who points out how the strong man stumbles or where the doer of deeds could have done better. The credit belongs to the man who is actually in the arena . . . who strives valiantly. . . who spends himself for a worthy cause; who, at the best, knows, in the end, the triumph of high achievement, and who, at the worst, if he fails, at least he fails while daring greatly....

I would like to give great credit to our Senate President, John McKay, who has dared greatly in bringing this important issue to the forefront of debate. Mr. President, this has not been an overnight journey for you, but rather a 12-year quest for a better Florida. You are to be commended for your vision and your dedication to the people of this state. Without vision, there can be no roadmap to guide us into our future. I thank you, Sir, for helping to point the way.

History will record that this Senate did not fear entering this arena. Your vote today will probably be one of the most important you will ever cast in this chamber, and I thank you for the courage of your convictions and for remaining strong in the face of challenge.

As President Grover Cleveland once quipped, "What is the use of being elected or re-elected unless you stand for something?"

Today, this Senate takes a stand on behalf of the people of Florida.

Today, this Senate takes a stand in the name of responsible leadership and concern for our state's future.

Today, this Senate takes a stand against those special interest groups who put their interests before Florida's collective good.

Today, this Senate takes a stand to uphold the promise of our Founding Fathers, made 215 years ago, to give the people a voice in the affairs of their state.

I trust the people of this state, and so should you.

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The Senate resumed consideration of—

**CS for CS for SB 1106**—A bill to be entitled An act relating to taxation; amending s. 212.02, F.S.; defining terms applicable to the taxation of sales, use, and other transactions; amending s. 212.03, F.S.; prescribing the rates of taxation for transient rentals; amending s. 212.031, F.S.; revising rates and exemptions applicable to the taxation of the lease or rental of or license in real property; amending s. 212.04, F.S.; revising provisions governing the admissions tax; amending s. 212.05, F.S.; revising rates and exemptions applicable to the tax on sales, storage, and use; creating s. 212.0502, F.S.; providing for the taxation of construction services; amending s. 212.0506, F.S.; revising provisions governing the taxation of service warranties; reenacting s. 212.051, F.S., which makes certain sales or use involving equipment, machinery, and other equipment for pollution control not subject to the sales or use tax; reenacting s. 212.052, F.S., which provides tax exemptions for research or development costs; reenacting s. 212.0598, F.S.,

relating to special provisions for air carriers; amending s. 212.06, F.S.; revising rates and exemptions applicable to the tax on sales, storage, or use; reenacting s. 212.0601, F.S., relating to use taxes of motor vehicle dealers; reenacting s. 212.0602, F.S., which provides a limited exemption to facilitate investment in education and job training; amending s. 212.07, F.S.; revising provisions governing the collection and administration of the tax on sales, use, and other transactions; amending s. 212.08, F.S.; revising or eliminating specified exemptions for the tax on sales, use, and other transactions; creating s. 212.0801, F.S.; prescribing exemptions with respect to the sales or use of services; reenacting s. 212.0821, F.S., relating to the use of governmental entities' sales tax exemption certificates for purchases on behalf of specified groups; reenacting s. 212.09, F.S., relating to deduction from the sales price of credit for articles taken in trade; reenacting s. 376.75(1), F.S., which prescribes the rate of taxation for specified transactions involving certain solvents used by drycleaning facilities; repealing ss. 395.701 and 395.7015, F.S., which impose annual assessments on specified health care entities; providing legislative intent; providing a contingent effective date.

—which was previously considered and amended this day.

On motion by Senator Pruitt, **CS for CS for SB 1106** was passed as amended, ordered engrossed and certified to the House. The vote on passage was:

#### Yeas—32

Mr. President	Jones	Pruitt
Brown-Waite	King	Rossin
Campbell	Klein	Saunders
Carlton	Latvala	Sebesta
Clary	Laurent	Silver
Dawson	Lawson	Smith
Diaz de la Portilla	Lee	Sullivan
Futch	Meek	Villalobos
Garcia	Miller	Wasserman Schultz
Geller	Mitchell	Webster
Holzendorf	Peaden	

#### Nays—8

Burt	Crist	Sanderson
Constantine	Dyer	Wise
Cowin	Posey	

### MOTIONS RELATING TO COMMITTEE REFERENCE

On motion by Senator Lee, by two-thirds vote **CS for SB 484** was withdrawn from the Committee on Finance and Taxation; **SB 184**, **SB 274**, **SB 332**, **SB 358** and **CS for SB 618** were withdrawn from the Committees on Appropriations Subcommittee on General Government; and Appropriations; **SB 106** and **CS for SB 188** were withdrawn from the Committees on Appropriations Subcommittee on Public Safety and Judiciary; and Appropriations; **CS for SB 256**, **CS for SB 364** and **SB 414** were withdrawn from the Committees on Appropriations Subcommittee on Health and Human Services; and Appropriations; and **CS for SB 664** was withdrawn from the Committees on Appropriations Subcommittee on Education; and Appropriations.

### REPORTS OF COMMITTEES

The Committee on Rules and Calendar submits the following bills to be placed on the Special Order Calendar for Thursday, January 31, 2002: **CS for SJR 938**, **CS for CS for SB 1106**

Respectfully submitted,  
Tom Lee, Chairman

The Committee on Health, Aging and Long-Term Care recommends the following pass: **SB 672**, **SJR 1018**

The bills were referred to the Appropriations Subcommittee on Health and Human Services under the original reference.

The Committee on Finance and Taxation recommends the following pass: CS for SB 10, SB 26, SB 30, SB 38, SB 44, SB 50, SB 62, SB 72, SB 74

The Committee on Health, Aging and Long-Term Care recommends the following pass: SB 1028

The Committee on Regulated Industries recommends the following pass: SB 1162

**The bills contained in the foregoing reports were placed on the calendar.**

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The Committee on Governmental Oversight and Productivity recommends a committee substitute for the following: SB 422

**The bill with committee substitute attached was referred to the Appropriations Subcommittee on Education under the original reference.**

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The Committee on Governmental Oversight and Productivity recommends a committee substitute for the following: SB 374

The Committee on Regulated Industries recommends a committee substitute for the following: SB 1268

**The bills with committee substitutes attached contained in the foregoing reports were referred to the Appropriations Subcommittee on General Government under the original reference.**

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The Committee on Children and Families recommends a committee substitute for the following: SB 632

The Committee on Health, Aging and Long-Term Care recommends a committee substitute for the following: SB 596

**The bills with committee substitutes attached contained in the foregoing reports were referred to the Appropriations Subcommittee on Health and Human Services under the original reference.**

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The Committee on Children and Families recommends a committee substitute for the following: SB 302

**The bill with committee substitute attached was referred to the Appropriations Subcommittee on Public Safety and Judiciary under the original reference.**

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The Committee on Health, Aging and Long-Term Care recommends a committee substitute for the following: SB 698

**The bill with committee substitute attached was referred to the Committee on Banking and Insurance under the original reference.**

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The Committee on Comprehensive Planning, Local and Military Affairs recommends committee substitutes for the following: SJR 504, SB 506

**The bills with committee substitutes attached were referred to the Committee on Finance and Taxation under the original reference.**

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The Committee on Banking and Insurance recommends a committee substitute for the following: SB 362

**The bill with committee substitute attached was referred to the Committee on Health, Aging and Long-Term Care under the original reference.**

The Committee on Governmental Oversight and Productivity recommends a committee substitute for the following: SB 276

The Committee on Health, Aging and Long-Term Care recommends a committee substitute for the following: SB 636

**The bills with committee substitutes attached contained in the foregoing reports were referred to the Committee on Judiciary under the original reference.**

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The Committee on Governmental Oversight and Productivity recommends a committee substitute for the following: CS for SB 430

The Committee on Regulated Industries recommends a committee substitute for the following: SB 1130

**The bills with committee substitutes attached contained in the foregoing reports were referred to the Committee on Rules and Calendar under the original reference.**

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The Committee on Children and Families recommends a committee substitute for the following: SB 682

The Committee on Regulated Industries recommends committee substitutes for the following: SB 132, CS for SB 566

**The bills with committee substitutes attached contained in the foregoing reports were placed on the calendar.**

## COMMITTEE SUBSTITUTES

### FIRST READING

By the Committee on Regulated Industries; and Senator Laurent—

**CS for SB 132**—A bill to be entitled An act relating to tobacco; prohibiting the sale, offer for sale, or display of tobacco products under specified circumstances; providing exceptions; providing a penalty; providing an effective date.

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By the Committee on Governmental Oversight and Productivity; and Senator Crist—

**CS for SB 276**—A bill to be entitled An act relating to nursing homes and related health care facilities; amending s. 400.235, F.S.; revising membership and terms of office of the Governor's Panel on Excellence in Long-Term Care; providing for selection of a panel chairperson; amending s. 400.4195, F.S.; providing conditions under which the prohibition against payment of referral fees by assisted living facilities does not apply; providing an effective date.

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By the Committee on Children and Families; and Senator Burt—

**CS for SB 302**—A bill to be entitled An act relating to the detention of juveniles; amending s. 985.215, F.S.; authorizing the court to continue to hold a juvenile in detention if the court finds that the juvenile is a clear and present danger to himself or herself or to the community; requiring that the court specify by written order the need for and the benefits derived from continued detention; providing for future repeal; requiring that the Juvenile Justice Estimating Conference submit a report to the Legislature concerning the effect of the act on the juvenile justice system and on the number of juveniles held in detention; providing an effective date.

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By the Committee on Banking and Insurance; and Senators Saunders, Campbell, Peadar and Cowin—

**CS for SB 362**—A bill to be entitled An act relating to health insurance; amending s. 408.7057, F.S.; redefining "managed care organization"; including preferred provider organization and health insurers in

the claim dispute resolution program; specifying timeframes for submission of supporting documentation necessary for dispute resolution; providing consequences for failure to comply; authorizing the agency to impose fines and sanctions as part of final orders; amending s. 627.613, F.S.; revising time of payment of claims provisions; providing requirements and procedures for payment or denial of claims; providing criteria and limitations; revising rate of interest charged on overdue payments; providing for electronic transmission of claims; providing a penalty; providing for attorney's fees and costs; prohibiting contractual modification of provisions of law; creating s. 627.6142, F.S.; defining the term "authorization"; requiring health insurers to provide lists of medical care and health care services that require authorization; prohibiting denial of certain claims; providing procedural requirements for determination and issuance of authorizations of services; amending s. 627.638, F.S.; providing for direct payment for services in treatment of a psychological disorder or substance abuse; amending s. 627.651, F.S.; conforming a cross-reference; amending s. 627.662, F.S.; specifying application of certain additional provisions to group, blanket, and franchise health insurance; amending s. 641.185, F.S.; entitling health maintenance organization subscribers to prompt payment when appropriate; amending s. 641.30, F.S.; conforming a cross-reference; amending s. 641.3155, F.S.; revising definitions; eliminating provisions that require the Department of Insurance to adopt rules consistent with federal claim-filing standards; providing requirements and procedures for payment of claims; requiring payment within specified periods; revising rate of interest charged on overdue payments; requiring employers to provide notice of changes in eligibility status within a specified time period; providing a penalty; entitling health maintenance organization subscribers to prompt payment by the organization for covered services by an out-of-network provider; requiring payment within specified periods; providing payment procedures; providing penalties; amending s. 641.3156, F.S.; defining the term "authorization"; requiring health maintenance organizations to provide lists of medical care and health care services that require authorization; prohibiting denial of certain claims; providing procedural requirements for determination and issuance of authorizations of services; amending ss. 626.9541, 641.3903, F.S.; providing that untruthfully notifying a provider that a filed claim has not been received constitutes an unfair claim-settlement practice by insurers and health maintenance organizations; providing penalties; providing an effective date.

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By the Committee on Governmental Oversight and Productivity; and Senator Brown-Waite—

**CS for SB 374**—A bill to be entitled An act relating to water management; creating the Citrus/Hernando Waterways Restoration Council; providing for membership, powers, and duties; providing for separate county task forces; providing for a report to the Legislature; providing for an advisory group to the council; requiring the Southwest Florida Water Management District to act as lead entity for the purpose of providing staff and administrative support for the council; providing for a Citrus/Hernando Waterways restoration program; providing an effective date.

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By the Committee on Governmental Oversight and Productivity; and Senator Mitchell—

**CS for SB 422**—A bill to be entitled An act relating to school district employees; amending s. 112.1915, F.S.; extending the benefits of the Barry Grunow Act to specified school district employees; providing an effective date.

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By the Committees on Governmental Oversight and Productivity; Banking and Insurance; and Senator Klein—

**CS for CS for SB 430**—A bill to be entitled An act relating to public records; providing an exemption from public records requirements for records of insurers subject to delinquency proceedings; providing for future review and repeal; providing a finding of public necessity; providing a contingent effective date.

By the Committee on Comprehensive Planning, Local and Military Affairs; and Senator Brown-Waite—

**CS for SJR 504**—A joint resolution proposing an amendment to Section 4 of Article VII of the State Constitution, relating to finance and taxation, to allow counties to provide for a reduction in the assessed value of homestead property equal to the increase in such value which results from constructing living quarters for certain persons over the age of 62 years.

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By the Committee on Comprehensive Planning, Local and Military Affairs; and Senator Brown-Waite—

**CS for SB 506**—A bill to be entitled An act relating to ad valorem taxation; creating s. 193.703, F.S.; providing for a reduction in assessment for constructed or reconstructed living quarters of parents or grandparents of property owners or of their spouses; providing limitations; providing application procedures; providing penalties for making a willfully false statement in the application; providing for adjustment of the assessed value of property when the property owner is no longer eligible for the reduction in assessment; providing a contingent effective date.

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By the Committees on Regulated Industries; Comprehensive Planning, Local and Military Affairs; and Senator Sebesta—

**CS for CS for SB 566**—A bill to be entitled An act relating to recreational activities at facilities for elderly or disabled adults; authorizing bingo games for residents or clients of certain facilities for the elderly or disabled, and their guests; providing conditions; providing for use of proceeds; providing exemption from local regulation and fees; providing an effective date.

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By the Committee on Health, Aging and Long-Term Care—

**CS for SB 596**—A bill to be entitled An act relating to long-term care; providing legislative findings and intent with respect to the needs of the state's elderly population; requiring the Agency for Health Care Administration and the Department of Elderly Affairs to submit a plan to the Governor and Legislature for reducing nursing-home-bed days funded under the Medicaid program; amending s. 408.034, F.S.; providing additional requirements for the Agency for Health Care Administration in determining the need for additional nursing-facility beds; amending s. 409.912; requiring the Agency for Health Care Administration to establish a nursing facility preadmission screening program; authorizing the agency to operate the program by contract; requiring an annual report to the Legislature and the Office of Long-Term-Care Policy; amending s. 430.03, F.S.; revising the purposes of the Department of Elderly Affairs with respect to developing policy, making recommendations, and coordinating activities; amending s. 430.04, F.S.; revising the duties of the Department of Elderly Affairs with respect to developing programs and policies related to aging; creating s. 430.041, F.S.; establishing the Office of Long-Term-Care Policy within the Department of Elderly Affairs; requiring the office to develop a State Long-Term-Care Plan; requiring the office to make recommendations for coordinating the services provided by state agencies; providing for the appointment of an advisory board to the Office of Long-Term-Care Policy; specifying membership in the advisory board; providing for reimbursement of per diem and travel expenses for members of the advisory board; requiring that the office submit an annual report to the Governor and Legislature; requiring the Agency for Health Care Administration and the Department of Elderly Affairs to provide staff and support services for the Office of Long-Term-Care Policy; creating s. 430.7031, F.S.; requiring the Department of Elderly Affairs and the Agency for Health Care Administration to implement a nursing home transition program; providing requirements for the program; amending ss. 409.908, 430.708, 641.386, F.S., relating to reimbursement of Medicaid providers, certificates of need, and agent licensing and appointment; conforming cross-references to changes made by the act; providing an effective date.

By the Committee on Children and Families; and Senator Peaden—

**CS for SB 632**—A bill to be entitled An act relating to out-of-home care; repealing s. 39.521(5), F.S., relating to the mandatory assessment of specified children for placement in licensed residential group care; creating s. 39.523, F.S.; prescribing procedures for the mandatory assessment of certain children for placement in licensed residential group care; providing for reports; providing for a residential group care appropriations category in the General Appropriations Act; providing for funding increases to be appropriated in a lump-sum category; specifying that the release of certain funds is contingent on the approval of a spending plan; prescribing elements of the plan; authorizing one-time startup funding; amending s. 409.1671, F.S.; specifying timeframes for initiating and for completing privatization of foster care and related services; providing for the establishment of a model comprehensive residential services program in specified counties; providing that community-based providers and subcontractors require employees to obtain bodily injury liability insurance on personal automobiles; providing certain immunity from liability when transporting clients in privately owned automobiles; directing the Department of Children and Family Services to adopt written policies and procedures for contract monitoring of community-based providers; modifying the requirement for community-based providers to furnish information to the department; modifying the conditions under which a provider may close a case; modifying the requirements concerning dual licensure of foster homes; eliminating the authority for a risk pool; requiring the development of a proposal for a shared-earnings program; providing direction for the development of the proposal; providing for submission of the proposal to the Legislative Budget Commission and for submission to the Legislature under certain conditions; expanding the program relating to excess federal earnings and certain additional state funds to additional entities; eliminating a specified expiration for this program; eliminating an obsolete review requirement; amending s. 409.1676, F.S.; removing a reference to specific districts and regions of the department; amending s. 409.175, F.S.; defining the term “family foster group home”; amending s. 409.906, F.S.; expanding the authority for the establishment of child welfare targeted case management projects; eliminating reference to a pilot project; eliminating the requirement to report to the Child Welfare Estimating Conference regarding targeted case management; directing the Office of Program Policy Analysis and Government Accountability, in consultation with the Agency for Health Care Administration, to conduct a review of the process for placing children for residential mental health treatment; providing for a report to the Governor and Legislature; requiring that the Legislature appropriate a lump sum in the Administered Funds Program each year for a specified purpose; providing an effective date.

By the Committee on Health, Aging and Long-Term Care; and Senator Burt—

**CS for SB 636**—A bill to be entitled An act relating to controlled substances; providing for specified licensing boards to adopt rules governing the prescribing of controlled substances; requiring certain health care providers to complete education courses relating to the prescription of controlled substances; providing penalties and requiring a report; providing for the emergency suspension of certain licenses for prescribing violations; requiring the Department of Health and the Department of Law Enforcement to share certain information regarding health care practitioners; requiring a report; requiring the Department of Legal Affairs to establish an electronic system to monitor the prescribing of certain controlled substances; establishing an advisory council and providing for its membership, duties, staff, and compensation; amending s. 456.033, F.S.; eliminating certain requirements for HIV and AIDS education courses; amending s. 456.072, F.S., revising penalties; amending s. 458.345, F.S.; requiring certain resident physicians, interns, and fellows to complete an educational course in prescribing controlled substances; amending s. 461.013, F.S.; prohibiting the presigning of blank prescription forms and providing penalties; amending s. 893.04, F.S.; providing additional requirements for pharmacists regarding the identification of persons to whom controlled substances are dispensed; prohibiting certain prescribing practitioners from possessing, administering, dispensing, or prescribing controlled substances; creating s. 893.065, F.S.; establishing protocols requiring prescriptions for certain controlled substances to be issued on special forms developed by the Department of Legal Affairs; establishing requirements for the design, issuance, and control of such forms; providing record-keeping requirements; providing other requirements for the use of such forms; providing an effective date.

By the Committee on Children and Families; and Senator Peaden—

**CS for SB 682**—A bill to be entitled An act relating to substance-abuse services; amending s. 397.311, F.S.; redefining the term “licensed service provider”; requiring that licensure standards apply to certain housing locations; redefining the term “service provider personnel,” to add chief financial officers; requiring that owners, directors, and chief financial officers of a substance-abuse service provider undergo a background check pursuant to ch. 435, F.S.; requiring that proof of compliance with local zoning ordinances be included in the applications for licensure; amending s. 397.405, F.S.; clarifying that DUI education and screening services must be licensed if they provide treatment services; amending s. 397.407, F.S.; conforming cross-references; amending s. 397.416, F.S.; conforming cross-references; amending s. 397.451, F.S.; clarifying provisions; requiring level-2 background screening for employees who work with children and with adults who are developmentally disabled; specifying circumstances under which service provider owners, directors, or chief financial officers are not subject to background screening; allowing personnel to request, and the department to grant, an exemption from disqualification; amending ss. 212.055, 440.102, F.S.; conforming cross-references; providing an effective date.

By the Committee on Health, Aging and Long-Term Care; and Senators Clary, Brown-Waite, Klein and Campbell—

**CS for SB 698**—A bill to be entitled An act relating to certificates of need; amending s. 408.036, F.S.; revising the exemption from certificate-of-need review requirements for the addition of acute care beds in hospitals that have met certain occupancy criteria; exempting additions of beds at hospitals that have met occupancy criteria with respect to neonatal intensive care units from review requirements and authorizing the transfer of beds between neonatal intensive care unit levels III and II; exempting projects that are subject to expedited review, other than replacement hospitals and conversion of mental health beds to general acute beds, from review requirements; exempting certain open-heart-surgery programs from certificate-of-need review requirements; providing an effective date.

By the Committee on Regulated Industries; and Senator Cowin—

**CS for SB 1130**—A bill to be entitled An act relating to alcoholic beverage licenses; authorizing the issuance of a special alcoholic beverage license for certain entities operating within the commercial district of a retirement community within the Town of Lady Lake and for certain entities operating within the commercial district of a retirement community within Sumter County; providing restrictions; providing an effective date.

By the Committee on Regulated Industries; and Senator Campbell—

**CS for SB 1268**—A bill to be entitled An act relating to the Florida State Boxing Commission; amending s. 548.002, F.S.; providing definitions; amending s. 548.003, F.S.; requiring one member of the Florida State Boxing Commission to be a licensed physician; providing additional duties and responsibilities of the commission; amending s. 548.006, F.S.; providing for provisional certification of competitiveness of mixed martial arts and kickboxing matches; amending s. 548.008, F.S.; providing that the prohibition of toughman and badman competitions shall not preclude mixed martial arts; creating s. 548.015, F.S.; authorizing the commission to require the posting of a bond or other form of security by concessionaires; amending s. 548.017, F.S.; conforming terminology; providing requirements for ringside physicians; requiring concessionaires to be licensed; amending s. 548.021, F.S.; providing a criminal penalty for attempting to obtain a license by means of fraudulent information; creating s. 548.024, F.S.; authorizing the commission to adopt rules providing for background investigations of applicants for licensure; providing for the submission of fingerprint cards; providing procedure for processing fingerprint cards; amending s. 548.028, F.S.; expanding provisions with respect to persons whom the commission may not license; amending s. 548.035, F.S.; requiring a minimum permit fee for mixed martial arts events; amending s. 548.041, F.S.; providing requirements and restrictions with respect to age, condition, and suspension of participants; providing for revocation of license under specified

circumstances; amending s. 548.043, F.S.; clarifying provisions relating to weights and classes of participants; prescribing glove weights for mixed martial arts participants; providing requirements and procedure for the weighing of participants in a boxing match; amending s. 548.046, F.S.; revising provisions with respect to physicians' attendance at boxing matches; providing state insurance coverage and sovereign immunity protection for assigned physicians; authorizing blood tests of participants prior to a match; providing for cancellation of the match for a test showing the presence of a communicable disease or for failure to present blood test results, if required; authorizing the commission to adopt rules relating to blood tests; requiring the provision of urine samples by participants under specified circumstances; providing for revocation of license for failure or refusal to provide a required urine sample; providing conditions with respect to forfeiture and redistribution of purse upon failure or refusal to provide a required urine sample; specifying authority of physicians at boxing matches; providing procedure in the event of injury of a referee; amending s. 548.049, F.S.; increasing the minimum coverage amount of required insurance for participants in boxing matches; requiring promoters to pay any deductible for such insurance policy; amending s. 548.05, F.S.; providing additional requirements with respect to contracts between managers and professionals; conforming terminology; amending s. 548.052, F.S.; conforming terminology; amending s. 548.057, F.S.; revising provisions relating to attendance of referees and judges at matches, the scoring of matches, and seconds at matches to provide for applicability of requirements with respect thereto to all matches; revising terminology; placing specified restrictions on judges of boxing matches; providing requirements with respect to number and location of judges; amending s. 548.06, F.S., relating to payments to the state; revising components which constitute gross receipts; providing requirements with respect to the sale or extension of rights to a telecast of a match held in the state; requiring a written report; requiring concessionaires to file specified written reports; providing requirements with respect to written reports; amending s. 548.061, F.S.; revising provisions relating to the required filing of reports regarding, and payment of tax from the sale of tickets for, closed circuit telecasts to

provide applicability of such requirements to any match; amending s. 548.074, F.S.; providing that the department shall have the power to administer oaths, take depositions, make inspections, serve subpoenas, and compel the attendance of witnesses and other evidence; amending s. 548.075, F.S.; authorizing the commission to adopt rules to permit the issuance of citations; providing an effective date.

## **CORRECTION AND APPROVAL OF JOURNAL**

The Journals of January 24 and 30 were corrected and approved.

## **CO-SPONSORS**

Senators Dyer—SB 482; Futch—SB 1220; Geller—SB 1618; Holzen-dorf—SB 100; Meek—SB 1220; Wasserman Schultz—CS for SB 468

## **RECESS**

On motion by Senator Lee, the Senate recessed at 12:48 p.m. for the purpose of holding committee meetings and conducting other Senate business to reconvene at 9:00 a.m., Thursday, February 14 or upon call of the President.

## **SENATE PAGES**

January 28-February 1, 2002

Caitlin Allen, Tampa; Teslie Dené Ash, Tallahassee; Jacquell Batts, Tallahassee; Elizabeth "Lizzy" Connell, Fruitland Park; Caleb Davis, Tallahassee; Steffen Geraldson, Bradenton; Christina Glass, Palmetto; Jerrod Holton, Midway; LaNedra Lee, Tallahassee; Meredith McKay, Bradenton; SiseneG Midget, Alachua; Ashlie Mitchell, Tallahassee; Katherine Olson, Tampa; Sam Ross, Quincy; Jim Sebastiano, Bradenton; Frances Sullivan, Bradenton; Tanesha Washington, Havana; Levi Williams, Hosford